

## News Summary

### GENERAL

## Apollo: ecstasy at rock finds

Apollo 15 astronauts Dave Scott and Jim Irwin returned to their lunar module, Falcon, last night for the second of three drives in their moon-buggy during which they found rocks believed to be of volcanic origin.

"We found just what we came for," Scott radioed as they turned up samples of the rocks, which are expected to prove over 100m. years old.

### problems

The excursion was not without problems, however. It began an hour late because of minor problems inside Falcon, and the radio antennae broke off the base during the trip. He had to tape it to his back. The mission was also cut short by a fan-bug because of the her than expected rate of oxygen consumption.

### adnan recalls ambassadors

Sudanese Government last night decided to recall its ambassadors in Moscow and Bulgaria to protest what it called a "biased campaign" launched by the Communist Press, which strongly condemned the execution which followed the abortive coup against President Nasser el Nimari.

### each dramas

Coaches were involved in deaths—one of them fatal—yesterday. A girl died and 45 were injured in one which overtook in Scotland and 12 were injured near Bournemouth. Forty passengers escaped just as their coach blew up at Fleet, Worcs., and 52 were hurt when another burned out at Paignton, Devon.

### ying Scot

Stewart (Tyrell-Ford) easily smashed the Nuerling lap record to win the main Grand Prix nearly 40 mins ahead of second-placed home Francois Covert. With World Championship points, he is virtually assured of year's title.

### with the sun

Let scientists have built a pump which uses the sun's power and which can raise high water from 65 feet to supply daily rations for 2,500 people, Tass reported.

### ieffy . . .

Alum bond 5LB 001184 won week's £25,000. The winner is in London.

shot a 17-foot whale after were unable to refloat it. The Blackpool beach on it and became stranded. Eight, they were still wondering how to dispose of the

yacht Britannia will be the for a discotheque dancing the Queen and Prince are throwing to-night to the Princess Anne's 21st birthday on August 15.

fever was confirmed at two farms in Yorkshire's East Riding.

Coach Carolyn James describes special prize for British 15-3 defeat of the All Stars, writes Dai Hayward.

Peter Townsend won the Open with a 14 under par of 270. Page 3.

thing: Britain's Admiral's team had a clear victory in opening, 220-mile Channel. Page 21.

to-house search of about 10 homes in the Harlow, Essex area will be undertaken. Detectives trying to trace month-old Denise Weller, dead from her pram in the on Friday.

### BUSINESS

## U.S. steel strike respite

● **STRIKE THREAT** to the U.S. steel industry has been postponed by a decision of the United Steel Workers of America to extend their deadline for a contract settlement by 24 hours until midnight last night. The extension seemed to confirm reports that the union might be on the verge of agreement with the nine major steel producers. Talks were going on in Washington.

● **WHEN THE NEDC MEETS** on Wednesday new attempts will be made for some understanding between the Government, the CBI and the TUC on the future of the economy. Low-key discussions seem to be the aim of all three. It is hoped that the high unemployment figures and the planned cutback for Upper Clyde Shipbuilders will not sour the better atmosphere which prevailed last month. Back Page

## Five Swan Hunter yards to halt

● **WORK IN SWAN HUNTER'S** five Tyne shipyards will stop, it is expected, soon after the yards reopen to-day at the end of the annual fortnight's holiday. The cause is yesterday's decision at a 1,200-strong meeting that the 3,000 ancillary workers are to go on unofficial strike in support of a pay claim. Their decision was taken despite an appeal by Mr. Ken Baker, GAWU national industrial officer, for acceptance of average rises of £1.10 with the promise of immediate talks to settle a new pay deal. Jobs of 10,000 men in other trades are threatened. The GAWU men are not likely to meet until Friday. Back Page

● **TWO-DAY STOPPAGE**, to-day and to-morrow, by 130 computer staff at the Giro centre, Bootle, is to be discussed by Mr. Bill Ryland, Post Office chairman, and Mr. Alistair Graham, official of the Civil and Public Services Union, which the 130 belong. If the pay dispute is not settled the 130 plan a three-day strike next week, four days the week after and then an indefinite strike. Page 19

● **TRADES UNION CONGRESS** in Blackpool next month is to hear attacks on the Government's policy on wages and the nationalised industries. One of the print unions, SOGAT Division A, is proposing that any union deciding to register should be expelled from the TUC. Unemployment is the subject of many resolutions published in the preliminary agenda to-day. Page 19

● **INDUSTRIAL COMPANIES** reporting in July disclosed profits 1.8 per cent. lower than for their previous year, the F.T. analysis shows. The first fall this year, it compares with a 7 per cent. average rise for the first six months. July dividends' rise of 0.5 per cent. stood against a first-half average of 0.9 per cent. Back Page

## Fateful vote on Lockheed

● **LOCKHEED LOAN** guarantee legislation goes to the U.S. Senate to-day for what could be a decisive vote. The House of Representatives Bill, approved on Friday by 193-189, deals only with aid for Lockheed, both chambers having agreed to abandon the "broad aid" Bill. The vote is likely to be close; the result may depend on the decision of as few as three Senators. Back Page

● **PRESCRIPTION CHARGES** under the National Health scheme are being re-studied in view of doctors' and pharmacists' opposition to earlier suggestions for basing them on costs of medicines. Apart from possibility that the charges will not be altered the Government is examining a different method of relating charges to real costs and, alternatively, periodic rises in the prescription flat rate charge, now 20p. A decision is not expected until later this year. Page 19

● **NATIONAL MANAGEMENT** Game winners are Rolls-Royce, (1971) whose five men from the Derby engines division financial controller's office received the championship silver rose bowl. Crossley Carpets were second, Peat Marwick Mitchell third. Page 19

# UCS stewards seek massive funds to continue 'work-in'

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

CLYDEBANK, August 1.

Shop stewards at Upper Clyde Shipbuilders are launching a massive campaign for funds to keep going the "work-in" which started on Friday. "We are making an appeal to the labour movement at large to sustain us," said Mr. James Airlie, chairman of the UCS joint shop stewards' committee.

He was speaking after a meeting of the co-ordinating committee (which includes full-time trade union officials) here to-day. The Clydebank yard, which employs more than 3,000 people and is due to close next March unless a buyer is found, is the only UCS unit at work: the others are still on their annual holiday.

### Factory tour

The shop stewards have received a stream of telegrams, letters and messages from all over Britain, and a few from abroad, promising help. But while they need all the moral support they can get for their move, sympathy and even promises are not enough.

So in the next few days leading shop stewards will start touring factories throughout the West of Scotland asking for voluntary levies to be imposed in aid of UCS men who are in increasing numbers to be made redundant.

They will need the money quite soon for to-morrow week

the first redundancy notices will reach anything up to 400 employees, mostly staff. To-day Mr. James Reid, finishing trades convenor at Clydebank, said the people concerned would be told to "report for work as usual." But, while they are not likely to be ejected forcibly, they will be getting no wages; and, not being available for work, no unemployment benefit either. So the sole means of relieving hardship will be Social Security for the families, such help as they can get from those still employed by UCS and the voluntary levies from workers outside.

### Switching ship

To-day the co-ordinating committee was considering another "problem" likely to arise in the next few weeks. It is the switching of a "Clyde design" cargo ship from the Scotstoun yard for which it was originally intended, to Govan.

Scotstoun is the first UCS yard due to be closed, probably before the end of the year. The "Clyde" ship is one of three on

which work was suspended by Mr. Robert Smith, the liquidator, three weeks ago. Work, said Mr. Smith, is soon to be resumed, and he had indicated the switch from Scotstoun to Govan, which falls within the Government's rescue operation announced by Mr. John Davies, Secretary for Trade and Industry, last Thursday.

The keel of the ship is being prefabricated at the Linthouse steel factory (also to be retained), a few hundred yards from the Govan yard. All three units are on their annual holiday until August 8.

In the meantime the shop stewards, who are almost certain to resist the switch, which would in their eyes confirm the demise of Scotstoun, will hold talks with other unions involved in the transfer of fabricated steel sections from Linthouse to Govan. They may also attempt to have them shipped to Scotstoun across the River Clyde.

To-morrow's emergency debate in the House of Commons on UCS is being watched here

Continued on Back Page

# Heath abandons yacht race to attend debate

BY JOHN BOURNE, LOBBY EDITOR

THE PRIME MINISTER changed his yacht-racing plans and returned from Cowes to Chequers yesterday evening to help the Government's tactics for dealing with to-day's emergency debate on Upper Clyde Shipbuilders. A major political storm is expected in the Commons.

The two Ministers most closely involved with the fate of UCS—Mr. John Davies, Secretary for Trade and Industry, and Mr. Gordon Campbell, Secretary for Scotland, joined Mr. Heath at Chequers last night for talks over dinner.

### Wilson's taunt

The Prime Minister will not be taking part in this morning's Admiral's Cup Race. Although the RAF had arranged to fly him back to Westminster by helicopter at the end of the race if he wanted, it was said yesterday that he had decided last Thursday that he must forgo the race.

Apparently he would have announced his decision to have the Leader of the Opposition saying he had forced him to abandon his plans, as one Tory politician put it last night.

Ministers recognised that their

decision on UCS could create formidable political difficulties for the Government, especially in view of Clydeside's history of radicalism and the existing high level of unemployment there. But the report of the group of expert advisers on the financial state of the company was apparently worse than even the Cabinet had feared, and it therefore decided it had no option but to lay down firm conditions of "self-help" to Clydeside and the shipbuilding unions if parts of UCS were to be saved.

### Powerful impetus

Most Tory politicians—and some Labour ones—believe that he may be "playing with fire" politically by becoming so involved with the UCS workers' take-over of the yards. But last night there were signs that Mr. Benn had recognised this danger.

Those close to him stressed that he had never advised the shop stewards to organise their "work-in" but was naturally on their side when they announced market sentiment for Brent oil was said, was not being "suddenly converted to Trotskyism," but he did feel that the events at UCS must give a powerful

impetus to the Labour Party's policy thinking on the need for industrial democracy and a greater sharing of power with the workers.

### Even greater

Certainly unless Mr. Benn manages to correct the impression given by some reports, he could create difficulties for himself and the Opposition if the take-over by the UCS workers were to lead to violence. Labour leaders believe that after a week or so the take-over could be called off and the workers' protests then be channelled into more orthodox ways of demonstration.

Mr. Wilson is to visit Glasgow on Wednesday for talks with the Scottish TUC, which has already announced that it is to hold its own public inquiry into the UCS affair.

Meanwhile Ministers are anxiously awaiting the result of President Nixon's moves to save Lockheed—and therefore the Rolls-Royce RB-21 engine—before Congress adjourns on Friday. But the Government will almost certainly continue to provide funds to keep the engine's production line going, as long as it believes the President has a good chance of securing the RB-21 were to die, the unemployment problem in Glasgow, where Rolls-Royce has a plant, would become even greater.

# ITT to sell some big holdings in anti-trust settlement

BY JUREK MARTIN

NEW YORK, August 1.

IN ONE of the most important anti-trust settlements in many years, International Telephone and Telegraph, the best-known U.S. conglomerate, has agreed to sell several major companies acquired over the last decade in order to secure control of the Hartford Fire Insurance Company, the merger which has been vigorously fought by the U.S. Justice Department.

The details of the complex settlement were announced in Washington yesterday and should lead to an end to the three-pronged running battle between the anti-trust division of the Justice Department, under Mr. Richard McLaren, and ITT, the country's eighth largest company. The terms of the agreement, which still have to be secured by court blessing, are as follows:

ITT will, within two years, divest itself of its holdings in Canteen Corporation (a food and beverage concern acquired in 1969), and the Fire Protection division of the Grinnell Corporation (a water sprinkler manufacturer also acquired in 1969). Within three years, ITT will also have to choose between surrendering control of Hartford (also bought in 1969) or selling off four other subsidiaries—Avis Rent-a-Car (bought in 1965), ITT-Levitt and Sons, the nationally known home builders (bought in 1968), ITT-Hamilton

Life Insurance Company and ITT Life Insurance Company. Mr. Harold S. Geneen, ITT's chief executive, intimated yesterday that his company would not give up Hartford, which brings in annual premiums of about \$1,000m. The companies that ITT will surrender have sales of a similar amount.

### Acquisition ban

In addition, ITT will be prohibited from acquiring any domestic concern with assets of more than \$100m. or any leading concern in a concentrated market without prior approval of the Justice Department or the courts. ITT also agreed not to take any substantial interest in any domestic water sprinkler manufacturer nor in any domestic insurance company with assets of over \$10m.

The Justice Department had been fighting ITT on three fronts since 1969 over the Canteen, Grinnell and Hartford mergers. Federal judges had ruled in ITT's favour in the first two cases, although the Justice Department had in turn appealed to the U.S. Supreme Court; the Hartford case had gone less far along the legal avenues. The Justice Department, of course, has agreed to halt all these court actions against ITT,

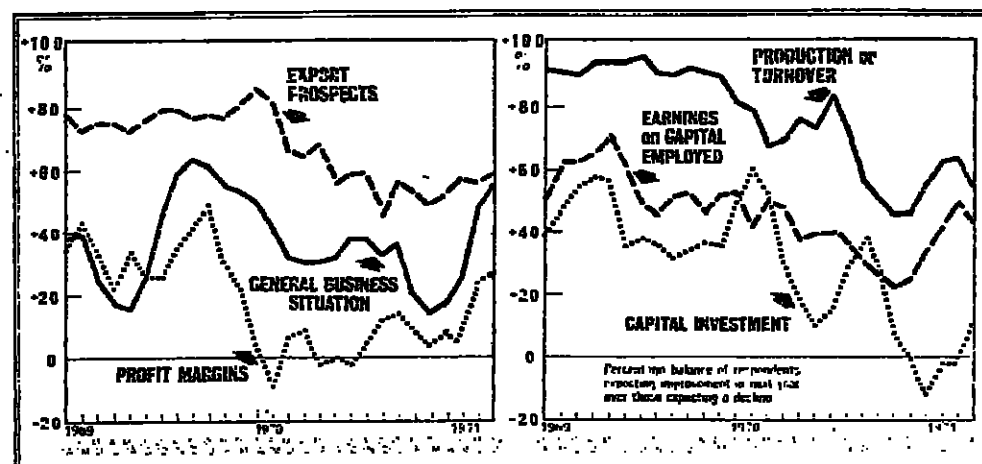
not an easy decision to make since, particularly in the Grinnell case, some very fundamental questions of the laws covering conglomerate mergers and anti-trust were at stake. ITT currently has over 400 separate subsidiaries and divisions around the world and its aggressive merger policies have seen it increase its consolidated corporate income for 48 consecutive quarters, the last time to \$104.2m. in the second quarter of this year.

In some ways, the agreement between ITT and the Justice Department resembles that with another celebrated conglomerate, Line-Teneco-Vought, which last year was permitted to retain control of its most expensive acquisition, a steel company, in return for selling off a number of other subsidiaries.

Had ITT and Hartford completed their merger without incurring the sort of settlement that was announced yesterday, they would have combined to form the largest corporation in the U.S., with assets of over \$7,000m., larger even than General Motors.

## Monthly Survey of Business Opinion

## Greater confidence in industry



There has been a further improvement in business confidence this month, both with regard to the general business situation and to the prospects for the U.K. economy over the next twelve months. Only a quarter of this month's sample was interviewed after Mr. Barber's mini-Budget; most of the rest were probably anticipating deflationary measures when they were questioned, although the extent of the relation was probably greater than expected.

However, two indicators which were serving to boost confidence were those for costs and profit margins. Once again there has been a drop in the index of total unit cost increases expected during the next year, and a very slight improvement in feelings about the prospect for wages.

The industry groups examined in detail this month are building and construction, food and tobacco, and textiles and clothing. Both the building and food sectors now show high levels of confidence; the building industry's order book is particularly healthy, reflecting the recent revival in house construction. But textile and clothing companies take a markedly gloomier view of the business situation. The need for Mr. Barber's deflationary package appears to have been borne out by recent

surveys. Lack of home orders was cited as a key factor limiting production by 80 per cent. of companies, whereas shortages of labour—even skilled labour—appeared to exercise a negligible influence.

There has been a slight improvement in the outlook for exports this month, no doubt reflecting the recent improvement in world trade. But several firms in all sectors commented that the price had now risen to a level where the benefits of devaluation had been lost, so that either the price factor was directly affecting export levels or business was becoming less profitable. The flotation of the German mark and the Swiss revaluation were however quoted as a help to companies exporting to those areas.

Details Page 6

### RETURN ON TOTAL CAPITAL EMPLOYED

Those expecting pre-tax profits on total capital employed in the next year to:	4 monthly moving total				July 1971		
	Apr. Jul.	May Jun.	Feb. Mar.	Jan. Apr.	Bldg. & Constrcn.	Food & Textiles & Tobacco	Clothing
Improve	58	62	58	46	48	40	12
Remain the same	26	23	17	30	32	60	75
Contract	15	15	17	13	5	—	9
No comment	1	—	8	11	15	—	4

# Clarksons owed £1m. for 1970: computer trouble

BY MICHAEL CASSELL

FURTHER troubles for Clarksons Holidays, one of the British travel operators involved in the Spanish holiday bookings controversy, are revealed in the report and accounts of the parent company, Shipping Industrial Holdings, published to-day.

These show that last year Clarksons failed to collect debts of £1.02m. because of difficulties with a computer. Its auditors state that records on revenue and debtors were not properly kept in the 12 months to the end of last December.

The report also discloses that Shipping Industrial's highest paid director, deputy chairman Sir Alexander Glen, received a rise of more than £13,000 last year. His annual salary increased to £56,612.

### Recovery

Mr. Jocelyn Hambro, chairman of Shipping Industrial, commented on the debts: "I am absolutely certain that the position is now all right and I feel sure the auditors agree with me."

Mr. Roy Brooks, company secretary, added: "We believe the money will be recovered in full. It is due from travel agents and some individuals."

"The computer was inefficiently programmed and it could not adequately cope with the volume of input given to it. Things got lost."

In their qualifications, the auditors stated: "In our opinion, records (including computer records) were not properly kept by the company during the year to December 31, 1970, with regard to revenue and debtors and we have consequently been

unable to obtain all the information and explanations we required to form an unqualified opinion as to whether or not the balance-sheet and accounts give a true and fair view of the state of affairs and of the profit of the company."

They added, however: "Since the end of the financial year a considerable effort has been made to rectify the records and sufficient progress has been made to indicate that the profit and loss account does not overstate the likely profit of the year and that the balance-sheet fairly states the assets and liabilities of the company on the assumption

that there will be sufficient recovery from debtors to cover the amount at which they are included in the balance-sheet."

A total of 34 employees are shown as earning over £10,000, nine of them receiving between £20,000 and £47,000. Apart from Sir Alexander, one other director also received more than £53,000. Mr. Hambro drew only £1,000 as chairman.

In a joint report, Mr. Hambro and Sir Alexander said more than 500,000 people travelled on Clarksons' inclusive holidays last year, giving the firm a market share of about 25 per cent.

See Page 20

# Integrated's big new computing package

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### ON OTHER PAGES

#### INVESTMENT SERVICES

Today's issue contains eight pages (11-18) on Investment Services.

Appointments	6
Arts and Entertainment	3
Building and Civil Engineering	9
Businessman's Diary	4
Company News	20
Crossword	2
Financial Diary	2
FT Share Index	24 & 25
International Company News	22
Justian	4
Labour News	19
Leading Articles	10
Letters to the Editor	2
Lex and Lombard	26
Men and Masters	10
Mining Notebook	21
Racing	2
Sport	3 & 21
The Technical Page	8
Theatres and Cinemas	3
To-day's Events	2
TV and Radio	2

Annual Statements	7
Ault & Wiborg	8
Corwall Property	8
Globe & Phoenix	7
Malma Investments	8
Midland-York, Tar	8
Shipping Industrial	8
Jonas Woodhead	5















## Overseas News



### IN BRIEF

● **DUTCH** Cabinet has decided to repeal the wages and prices regulations introduced by the previous Government, although the wages and prices spiral is still a problem for the Dutch economy, and to appeal to industry and the trade unions to exercise restraint.

● **SWISS** National Bank has been empowered to freeze foreign currency deposits in Switzerland for periods up to three months in times of monetary speculation. Agreement to this measure was obtained by the Bank from the Swiss Bankers Association. It will come into force on August 20.

● **CHILEAN** operations of the Bank of America were officially taken over by the state today, 16 days after the Government of Salvador Allende announced the Bank was being nationalised with compensation.

● **TAIWAN** will ask the World Bank for a \$12m. loan to help finance its agricultural development programme.

● **AMERICAN** COMMAND in South Vietnam announced the latest one-day pullout of troops in a month reducing U.S. troop total by 2,990 to about 222,000 men.

● **U.S.** troops suffered three dead and eight wounded in a North Vietnamese attack—the heaviest casualties in ground fighting in recent weeks.

● **CHINA** must continue to build up its armed forces to ward against the possibility of a surprise attack from any quarter, Armed Forces Chief General Huang Yung Sheng said.

● **RHODESIA** is to prohibit resale price maintenance. Announcement this in Umtali at the weekend the Minister of Commerce and Industry, Mr. Jack Mussett, said copies of the draft legislation would be circulated to interested parties for comment.

● **CHILE** — 5,000 workers at Chile's huge State-controlled El Salvador copper mine are on indefinite strike over wages, the first since the industry was taken over by the Coalition Government of Marxist President Salvador Allende earlier this month.

## Sime Darby Holdings Limited

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar with effect from 2nd August, 1971. All correspondence and documents for registration regarding the Principal Share Register should in future be sent to:—

Lloyds Bank Limited,  
Registrar's Department,  
The Causeway,  
Goring-by-Sea,  
Worthing,  
Sussex.  
Telephone: Worthing 44741 (STD Code 0903)

Sime Darby Holdings Limited.

## Shipping Industrial Holdings Limited

### Record Profits in 1970

Record profits, before tax, of £4,247,000 were earned in 1970, including £1,557,000 from the Landel Group acquired during the year. Considerable growth took place in the operations of S.I.H. and, with the Landel acquisition and that of Dene Shipping Company Ltd. early in 1971, a much broader operating base is now established. Clarkson's Shipbroking and Shipowning Divisions alone provided a substantially larger net profit in 1970 than did the whole for the Group during the previous year: a suitable setting for the honour bestowed on Clarkson's by the "Queen's Award" given for the first time for contributions to Britain's invisible earnings. Insurance Underwriting and Broking both had good years, while the Holidays Company, engaged in a major system change to Computer operations, carried profitably over 500,000 passengers. There was continuing improvement in the Freight

Division which contributed to Group profits.

### Prospects for 1971

So, with the stronger base which has been established and, provided there are no unforeseen operational setbacks, or that material changes over the next six months do not adversely affect the national or international environment in which our operations are set, we would expect results for 1971 on a like-for-like basis to be comparable with those achieved in the favourable year of 1970. To look further ahead is often impossible, but at this stage we are prepared to say that, while on one hand S.I.H. is now better able to withstand problems or setbacks in any one part of its operations, on the other hand the broader base which has been achieved should equally encourage growth as well.

Comparative Figures	1970	1969	1968
Group Profit before Taxation	£4,247,000*	£1,677,000	£1,368,000
Group Profit available for appropriation	£2,559,000	£908,000	£743,000
Earnings per 25p share	20.55p	10.67p	8.89p
Dividend per 25p share	8.75p	4.50p	3.88p

\*Group Profit before Taxation includes £1,557,000 from the Landel Group acquired during the year.

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# McMahon sacks Foreign Minister after China row

CANBERRA, August 1.

PRIME MINISTER William McMahon announced here tonight that Foreign Affairs Minister Mr. Leslie Bury had resigned. He said Mr. Bury had been replaced by Attorney General Mr. Nigel Bowen.

But in Melbourne today, Mr. Bury told reporters: "Putting it in a good old Anglo-Saxon term, I have been sacked."

In a later statement he said: "Political life is full of hazards, even for Prime Ministers. I gladly accept them without recrimination."

Mr. Bury had previously held the Ministries of Air, Housing, Labour and National Service, and Treasurer. He took over Foreign Affairs four months ago when Mr. McMahon became Prime Minister replacing Mr. John Gorton.

Addressing a Liberal Party speakers' seminar in Melbourne Mr. Bury denied that his removal from the Foreign Affairs office had anything to do with ill-health. He gave no reason for his dismissal.

Shortly before his departure

was announced, the 58-year-old Foreign Minister had said publicly that he had "profound misgivings about the process involved" in the planned meeting between President Nixon and Chinese Premier Chou En-Lai. Calling Mr. Nixon and Mr. Chou "amateurs," he criticised the idea of summit meetings and said in his view they were "a very poor substitute for the workings of informed professional diplomacy."

Mr. Bury's attack on President Nixon's planned visit to China was made as he addressed a Liberal seminar in Melbourne.

He said: "The setting aside of so much knowledge and experience and the substitutions of amateurs impelled by democratic political motives is, in my view, fraught with danger."

He told the seminar that he had informed the Prime Minister that he would not accept a diplomatic appointment and wished to remain a backbencher in the House of Representatives. In his announcement Mr. McMahon said Mr. Bury had an impressive record in which he

could take great pride. "He has earned the gratitude of all Australians," he added.

The Prime Minister also promoted West Australian backbencher, Mr. R. V. Garland, 37, to the post of Minister for Supply. Other Ministerial changes announced were: the Leader of the Liberal Coalition Government in the Senate, Senator Sir Kenneth Anderson, becomes Minister for Health. Senator Ian Greenwood takes over Attorney General.

New Health Minister Sir Kenneth Anderson was formerly Minister for Supply. He moves into fifth place in Government seniority. Senator Greenwood, the new Attorney General, previously was Health Minister.

● **Reuter** adds from Brisbane: The Queensland Government's controversial state of emergency may be lifted on Monday—26 days after it was imposed to give police wider powers against anti-apartheid demonstrators during the South African Rugby team's visit to Brisbane.

## Egypt's offer on Soviet forces

BY OUR OWN CORRESPONDENT

EGYPT'S President Mr. Anwar Sadat has told the U.S. that he will evacuate the Russian troops who are carrying out operations missions along the Suez Canal—

if an interim agreement is reached between him and Israel, and if the Suez Canal is opened to free navigation.

This undertaking is understood to have been given to Mr. Michael Stern, head of the Egyptian desk in the State Department during his recent trip to Cairo. Although Mr. Sadat's meeting with Mr. Stern was not publicised, it is now known that the two men met immediately after the American arrival. A second meeting was scheduled but it did not take place.

According to sources in Tel Aviv, the contents of Mr. Sadat's proposal was included in a file of 47 pages which was prepared by the Assistant Secretary of State, Mr. Joseph Sisco, who is now in Israel for talks with Premier Mrs. Golda Meir and the Defence and Foreign Ministers.

Mr. Sisco met Mrs. Golda Meir for two hours on Friday and is due to meet her again tomorrow. Israeli observers said today that Mr. Sadat's proposal did not constitute a change in the Egyptian position. Mr. Sadat is still insisting on crossing the Canal, to which Israel objects, and is pressing for a prior Israeli undertaking for complete withdrawal to the international border within six months after the re-opening of the Canal.

Israel refuses to give such an undertaking and insists that the withdrawal be to "secure and recognised borders."

As to the eventual evacuation of Soviet troops from Egypt, Israeli observers remark that there will still be 12,000 to 15,000 Soviet experts and advisers stationed in Egypt to assist the Egyptian army. Thus, Egyptian dependence on the Soviet Union does not necessarily diminish if and when

TEL AVIV, August 1.

operational crews are withdrawn. Also, Israelis believe that the Soviet-Egyptian pact signed on May 27 extends Egyptian dependence for the next 15 years. Therefore, Israeli argue, Mr. Sadat's proposal is unsubstantiated.

Nevertheless Israeli officials told the Financial Times today that it is unlikely that Israel will reject flatly the Egyptian proposal and would probably submit a counter-proposal which could serve as a basis for further discussion.

● **IN CAIRO** Egyptian Foreign Minister Mr. Mahmoud Riad accused the U.S. today of trying to cover up the issue of Israeli occupation of Arab land by focusing efforts on a reopening of the Suez Canal. He said the U.S. was making a dangerous attempt to confuse Arab and world opinion.

He also accused the U.S. of abetting Israeli aggression by giving aid to Tel Aviv.

## "Quit government" call to Pakistan Army

BY OUR OWN CORRESPONDENT

KARACHI, August 1.

MR. Z. A. BHUTTO said here over the weekend that although he did not want a direct confrontation with the armed forces, it was not in Pakistan's interest for the Army to go on governing the country for much longer.

Mr. Bhutto, chairman of the People's Party, the largest political party in Pakistan now that the Awami League has been outlawed, said that in view of the threat posed by India "we do not want to weaken our armed forces" and for that reason he did not want a confrontation.

But he declared himself opposed to "any procrastination in the return to civilian government." Mr. Bhutto was reporting

to the Press on his talks with President Yahya Khan about the return to civilian rule after his fourth meeting in a month with the President within a month.

He said: "We have crossed the first hurdle," but declined to say what this was.

● **PRESIDENT YAHYA KHAN** named the dangers of war in a television interview late on Friday when he said: "We are very near to war with India. I am watching the situation. If the Indians have the idea of taking a chunk of East Pakistan, it would mean war. Let me warn them and the world, it means total war." He denied charges of genocide, and accused India of stopping refugees from returning to Pakistan.

## Zambia students to sign pledge

BY OUR OWN CORRESPONDENT

LUSAKA, August 1.

UNIVERSITY of Zambia students will be asked to pledge to devote themselves solely to studies and do nothing calculated to undermine the Govern-

ment. This order together with the upholding of the expulsion of 10 members of the student executive and the deportation of two lecturers in the English department has caused yet another university crisis here.

The university senate and academic staff have issued a joint strongly worded statement deploring the undermining of academic freedom and the autonomy of the university by the Government taking disciplinary action which should have been left to university authorities.

They also consider the deportations arbitrary and without foundation. The statement refers to President Kenneth Kaunda's inaugural address in which he had said: "A university cannot meet its heavy responsibility to the nation unless it is able to give the order within an atmosphere of freedom."

The statement says: "We do not believe that it is healthy to single out students in this way as a potentially suspect group. We also fear that difficulties of interpretation and enforcement of adherence to such a pledge would bring authority into contempt."

The statement adds that the

## JAPANESE AIR CONTROL

# Elementary precautions needed

BY HENRY SCOTT STOKES

IT IS BAD LUCK on the Japanese side that their nation seems to be prone to be the site of air disasters. Yet there has been something peculiarly shocking to the Japanese about the latest horror, the mid-air collision of a fighter jet and an All Nippon Airways (ANA) Boeing 727 airliner over Japan on Friday afternoon. An eye-witness recorded how he saw: "A string of dots... people" spilling out of the airliner and plunging to earth. No one in the airliner survived. This was the worst disaster in the history of aviation, with the loss of 162 lives, all but one Japanese.

### Inefficient

It is not just the fact that the victims were almost all Japanese which has struck such a chord in this country. Rather, it is the feeling that this was an accident which might have been avoided, given elementary precautions. In this sense the crash is seen as having been different from others which have occurred in Japan in recent years. Partly it seems to have been a question of pilot error. The fighter pilot, a 22-year-old, Sergeant Yoshimi Ichikawa, was a trainee with little experience in the air. Much more serious, however, is the suggestion that Japan's air traffic control system was at fault, and remains inefficient.

The problem is in essence a simple one. It is that there are three systems of air traffic control in Japan, and they have not been unified. The three systems are: first, one which comes under the Civil Aviation Bureau (C.A.B.) of the Japanese Ministry of Transport, and which is responsible for civil air traffic, both domestic and international; secondly, the civil control system operated by the Japanese Air Self-Defence Forces (A.S.D.F.) over which the Defence Agency has ultimate authority, and which monitors the movements of all Japanese military aircraft; the third system is that of the American Fifth Air Force in Japan, and controlling both purely U.S. air bases (vital for the defence of Japan) and military air bases used by both the U.S.A.F. and the A.S.D.F.

It is a messy system, taken as a whole. There is much consultation between the three parties involved; but the problem is that consultation falls short of comprehensive unified control. This may be seen in the case of the collision which took place on Friday. At the time of the accident the jet fighter was on "visual" controls, that is, it was up to the pilot and his trainer (a second F-86 jet) to spot any other aircraft in his vicinity with his own eyes. But the airliner was flying on instruments. These two systems were independent of each other. The fighter pilot, Sgt. Ichikawa, only became aware of the rapidly overtaking airliner, coming from behind, when it was too late.

If the lack of a unified air traffic control system in Japan is one problem for Japanese

the ANA crash must be compensated by the Defence Agency (as well as by the airline); in each case the sum will be 1m. yen (£1,500).

A second move, in response to public outcry, was to look for scapegoats. Today the head of the Defence Agency, Mr. Keiichi Masuhara, offered his resignation to Mr. Sato. A second resignation today was that of General Yasuhiro Ueda, head of the air staff council of the ASDF. This in itself represents recognition that the pilot of the ASDF fighter was largely responsible for the collision. (The pilot was in fact inside the regular air corridor for airliners travelling between the Northern Island of Hokkaido and Tokyo, the busiest of Japanese domestic routes.) Further actions have been to have the police arrest Sgt. Ichikawa and

jump by nearly ten-fold." If a "near miss" were counted as well.

The Government is meanwhile starting to address itself to the fundamental problem: the lack of a unified air traffic control system in Japan. The authorities can plainly no longer permit a vacuum to continue but the difficulty is to decide who shall be given responsibility for controlling the air over Japan; the Air Staff Defence Force is much better equipped to do the job than the C.A.B. the Transport Ministry, since only the ASDF has a fairly complete radar system in operation covering most of the country; but public opinion would react badly to a decision to give the ASDF control of the air—since it is the military who are held responsible for Friday's disaster.

### High-handed

The Government has both technical and a political problem on its hands. The armed forces have not been well regarded in the general public in Japan ever since the end of the Pacific War and a political element has entered into public condemnation of the ASDF. Yet the well-endowed, with the opposition political parties taking the opportunity to denounce the "high-handedness" of the Japanese armed forces.

Yet the Government cannot easily equip the civilian authority, the C.A.B., with a radar control system—it would cost "huge" sum of money (as the airlines are the first to admit and it would take a considerable amount of time. Equally, equipping Japanese airports with instrumental landing system would be expensive and time consuming.

There is thus no easy short-term solution to the problem facing the Japanese Government. As so often in modern Japan public investment has lagged behind the explosive growth of the private sector (in this case the airlines, whose traffic has grown ten-fold in little more than a decade). The tardiness of Government in matching the growth of the private sector cannot be compensated for over night, yet somehow Japanese skies have to be made safe, and at once, as at least public opinion is demanding.

## Sumed contract signed

BY OUR OWN CORRESPONDENT

CAIRO, August 1.

THE CONTRACT with the West European consortium for the construction of the 207-mile oil pipeline between the Gulf of Suez and the Mediterranean (SUMED) was signed here last night after nearly seven weeks of tough bargaining without a British signature to the contract.

Constructors John Brown, who were expected to have built the Suez terminal, were replaced on that part of the project by the German Mannesman Company and have not yet made up their minds whether to accept the one-third section of the pipelaying offer to them. If they finally turn down the offer, it is expected that another British company will take over, so that the ECDC credit amounting to \$39m. can be fully used.

Other British companies involved in the project are Motherwell Bridge, who will build the

storage tanks at the Suez end and Dunlop, who are subcontractors for the hoses on the sealines. The final price of \$280m. (including \$225m. in foreign credits) must be considered a good one for the Egyptians.

### IRAQ AIR CHIEF FACES CHARGES

By Our Own Correspondent

BEIRUT, August 1.

THE COMMANDER of the Iraqi Air Force and four of his aides are among some 50 officers and civilians to go before a court martial soon on charges of conspiracy to overthrow the Baathist regime in Baghdad, according to reliable Arab diplomatic sources here.

The commander, Air Marshal Hussein Hayawi, had led a movement inside the air force to carry out a coup that was to be staged on July 14, the anniversary of the 1958 military movement which toppled the monarchy.

## Berlin visas proposal

BY MALCOLM RUTHERFORD

BONN, August 1.

THE EAST GERMAN news agency, ADN, has reported that East Germany has made a "large scale" offer to the West Berlin Senate to allow West Berliners the chance of visiting East Berlin and East Germany as a whole for periods totalling a maximum of 30 days a year. According to the agency, visitors would require an identity card and a visa.

The offer in itself is not surprising. East Germany has shown itself ready to allow such visits for some time, provided they are made on the East Germans' own terms. The Senate, however, has consistently shown reserve for fear that its own bilateral talks with East Berlin would undermine the Four-Power Berlin talks, which may now be in a crucial stage.

After the meeting of the ambassadors of the Four Powers on Friday, Mr. Piotr Abrassimov, the Soviet ambassador to East Berlin and chief Soviet negotiator in the talks, is believed to be returning to Moscow for consultations with his Government. There is some speculation that

he may be given the go-ahead to make new proposals in the next meeting of ambassadors due on August 10.

### GOLD, SDR SALES TO 14 COUNTRIES

By Paul Lewis

PARIS, August 1.

WEST GERMANY, Japan and Holland are the three principal beneficiaries from the latest IMF distribution of gold and Special Drawing Rights announced over the weekend.

The Fund has purchased national currencies from 14 member countries to a total equivalent value of \$125m., giving gold and SDRs in exchange. West Germany heads the list with a sale of D-Mark to the value of \$30.9m., followed by Japan (\$29.2m.) and Holland (\$21.2m.). In each case the Fund wished to replenish its holding of the member's currency and offering to the country concerned a choice between gold or SDRs in exchange.

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## Uganda ignores Swedish and Irish approaches

BY OUR OWN CORRESPONDENT

KAMPALA, August 1.

UGANDA is so far ignoring diplomatic approaches from Sweden and Ireland over four helicopters seized after an Irish freighter plane foreranked at Entebbe while en route to Tanzania. Uganda's coup, closed her border with Tanzania and barred all flying to and from that country after accusing Tanzania of training guerrillas for operations here in support of former President Obote who was ousted in last January's coup.

This weekend the Uganda Government made its first reference to the helicopters, announcing that they had been seized in retaliation for Tanzania's action in seizing 25 tons of arms and ammunition in transit to Uganda when the coup took place. The Defence Ministry said the helicopters would be released when Tanzania freed the arms.

The incident is complicated because Tanzania says she is not concerned since the helicopters were never delivered to her. And while Sweden, suppliers of the helicopters, and Ireland have a ground for complaint their diplomatic approaches are unlikely to bring early replies.



# FT Monthly Survey of Business Opinion

## GENERAL OUTLOOK

### Barber measures were badly needed

INDUSTRIALISTS are becoming more optimistic about the general business situation and the U.K.'s economic prospects for the next twelve months.

This is the main finding of the latest Financial Times monthly business opinion survey, which also suggests that there has been a further recovery of profit margins.

The survey was conducted at a time when most respondents were anticipating the effects of Mr. Barber's July mini-Budget, and a quarter of the sample was interviewed after the measures had been announced.

For the seventh month running the survey shows a fall in

the index of total unit cost increases expected over the next twelve months. The median figure was over 10 per cent. at about this time last year. It has now fallen to 7.4 per cent. This seems to reflect both the pruning of labour forces which has taken place this year and the feeling that there has been an improvement in the industrial relations atmosphere.

The survey shows that both the output and order situation had worsened before the July measures were announced, and that predictions of output levels over the next twelve months were still being revised downwards. Shortages of home orders were being quoted by 80 per cent. of respondents as the

main factor limiting production, but the export situation had improved a little.

Of the three industrial sectors examined this month—building and construction, food and tobacco and textiles and clothing—the building industry was the most buoyant and textiles remained depressed. It will be some months before the effects of the mini-Budget on expectations are fully reflected in this survey.

In spite of the continuing improvement in the outlook for unit costs, the survey still shows that preponderance of companies—62 per cent.—expect wage increases to remain in the 10 per cent. to 14 per cent. range over the coming year.

## GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
More optimistic	60	55	43	35	72	70	14	—
Neutral	37	38	39	47	28	30	86	—
Less optimistic	3	7	18	18	—	—	—	—

## EXPORT PROSPECTS

Those expecting direct export sales during the next twelve months to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Rise	60	58	58	52	53	43	95	—
Stay about the same	21	21	18	18	10	54	5	—
Fall	1	2	1	1	—	—	—	—
Not applicable	18	19	23	29	37	3	—	—

## NEW ORDERS

The trend for new orders in the last four months is:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Up	31	30	44	45	33	18	1	—
Same	10	13	16	18	22	2	5	—
Down	17	16	14	10	2	—	94	—
Not available	42	41	26	27	43	80	—	—

## PRODUCTION/TURNOVER

Those expecting production/turnover in the next year to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Rise over 20%	1	1	2	1	—	—	—	—
Rise 15-19%	1	1	4	8	—	—	—	—
Rise 10-14%	18	25	25	27	—	—	—	—
Rise 5-9%	40	36	31	23	23	42	9	—
About the same	33	28	15	13	59	58	84	—
Fall 5-9%	5	6	5	5	—	—	—	—
Fall over 10%	—	—	—	—	—	—	—	—
No comment	2	3	18	23	18	—	5	—

## STOCKS

Volume of material stocks or bought-in supplies during the next year expected to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	7	10	16	22	—	22	12	—
Stay about the same	53	49	35	37	68	68	8	—
Decrease	29	29	37	31	—	9	80	—
No comment	11	12	12	10	32	1	—	—
Volume of goods on hand for sale:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	19	21	12	18	—	22	8	—
Stay about the same	43	39	35	40	82	69	76	—
Decrease	20	23	29	17	5	9	1	—
No comment	18	17	24	25	13	—	15	—

## FACTORS CURRENTLY AFFECTING PRODUCTION

Are any of these factors affecting turnover at the present time?	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Shortage of:								
Home orders	80	75	60	55	84	75	99	—
Export orders	37	35	44	41	53	26	21	—
Executive staff	2	2	2	2	11	—	—	—
Skilled staff	3	5	7	14	22	—	9	—
Manual Labour	—	1	4	9	—	2	—	—
Components	2	2	3	4	—	—	—	—
Raw materials	3	3	11	12	—	17	1	—
Production capacity (plant)	4	5	14	14	—	—	1	—
Finance facilities	2	2	1	4	1	—	—	—
Others	—	1	2	7	—	—	—	—
Labour disputes	—	1	10	11	—	—	4	—
No factor	14	19	23	26	5	5	—	—

## LABOUR REQUIREMENTS

Those expecting the number of employees during the next twelve months to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	21	24	24	25	—	2	—	—
Stay the same	56	54	55	54	86	80	83	—
Decrease	22	22	20	17	3	18	17	—
No comment	1	—	1	4	11	—	—	—

## CAPITAL INVESTMENT

Those expecting total capital expenditure in the next year to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	41	35	34	31	80	63	19	—
Stay the same	27	27	25	19	18	55	—	—
Decrease	31	37	36	43	2	2	77	—
No comment	1	1	5	7	—	—	4	—

## COSTS

Those expecting hourly wage rates in the next year to rise by:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
0-4%	—	—	—	—	—	—	—	—
5-9%	32	30	26	28	18	71	93	—
10-14%	62	64	65	58	69	26	7	—
15-19%	3	2	2	2	—	2	—	—
20%+	—	—	—	—	—	—	—	—
Same	—	—	—	—	—	1	—	—
Decrease	—	—	—	—	—	—	—	—
N/A	3	2	7	12	13	—	—	—
Those expecting total unit costs in the next year to rise by:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
0-4%	6	4	5	7	—	9	76	—
5-9%	74	72	62	48	71	40	20	—
10-14%	8	8	16	19	22	2	4	—
15-19%	—	—	1	1	—	—	—	—
20%+	—	—	—	—	—	—	—	—
Same	3	—	—	—	—	40	—	—
Decrease	—	—	—	—	—	—	—	—
N/A	9	16	16	25	7	9	—	—

## PROFIT MARGINS

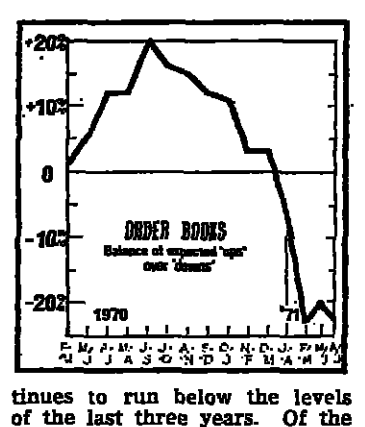
Those expecting profit margins in the next year to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Improve	44	44	26	27	48	29	82	—
Remain the same	37	35	50	50	45	49	4	—
Contract	18	20	22	20	5	18	10	—
No comment	1	1	2	3	2	4	4	—

## ORDERS AND OUTPUT

### Home orders the key problem

Both the level of new orders and the total size of order books has continued to fall, with many respondents reporting that new orders over the last four months are no higher than they were a year ago. The lack of home orders continues to be a key problem, and is now quoted by 80 per cent. of respondents as a factor affecting production, against 55 per cent. three months ago. Export orders, on the other hand, appear to have improved slightly.

The balance of firms reporting an increase in output and deliveries in recent months con-



industries covered in July, building and construction firms report an improvement, but there is little change in the overall position of the textile and food groups.

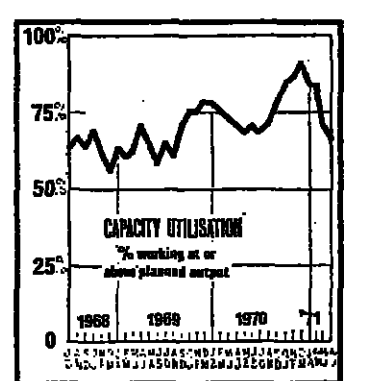
There has been a further decline in the number of firms expecting production to increase over the next 12 months. Of the sectors surveyed this time, the food and tobacco industry was the most optimistic about the prospects for production. Companies clearly felt much in need of the reflationary measures which were introduced in Mr. Barber's mini-Budget.

## CAPACITY AND STOCKS

### Lower capacity working

There has been a further decline in the proportion of firms working at or above planned output levels. Of the individual groups examined this month, the textile industry seems particularly depressed, and less than half the food group is working to target capacity levels.

Much tighter control over stocks is evident all round. Few firms now expect their material stocks to increase over the next 12 months; there is a rise to 53 per cent.—in the number expecting stocks to stay at roughly the same levels; and a sizeable



traction of stocks is usually spoken of as being a deliberate act of policy, to release additional capital.

A marked decline in stocks of raw materials is predicted by the textile and clothing industry, where 80 per cent. of respondents expect a fall. The food and tobacco industry expects an increase, and in building the prospect is one of little change.

Stocks of manufactured goods are expected to stay fairly stable over the next 12 months, largely because it is felt they have already been pared to the limit.

## CAPACITY WORKING

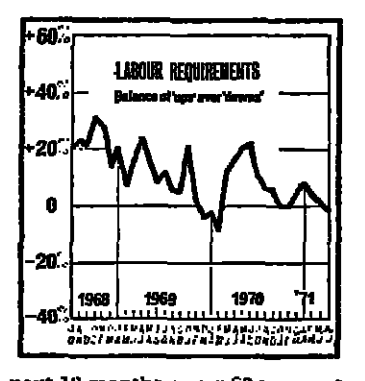
Those working at:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Above capacity	3	4	4	3	5	8	1	—
Planned output	64	68	79	80	93	48	14	—
Below	33	28	16	14	—	41	82	—
No answer	—	—	1	3	2	3	3	—

## INVESTMENT AND LABOUR

### Low demand for labour

The employment outlook at the time of this month's interviews still looked depressed. Since late in 1968 the proportion of respondents expecting to increase their labour force in the following 12 months has been on a downward trend, and this month the number expecting their labour requirements to fall just exceeds those expecting an increase.

An outstanding feature this time is the high percentage of companies in the building, food and textile industry samples which expect little change in the employment situation over the



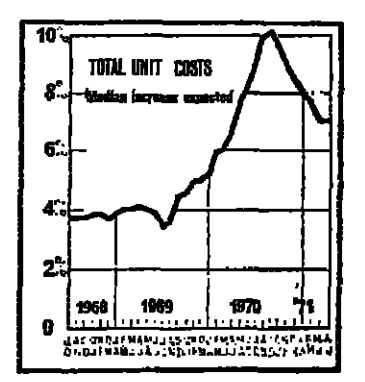
The outlook for capital investment has improved somewhat. In the last three months the proportion of all respondents expecting a rise in capital expenditure has gone up each time. There are now 41 per cent. in this category, compared with 31 per cent. who predict a reduction. Both the building and food industries foresee a rise in capital expenditure (80 per cent. of respondents in building, and 63 per cent. in food and tobacco). But in the textile and clothing group a sizeable number of firms are expecting to reduce their spending over the next 12 months.

## COSTS AND PROFIT MARGINS

### Further fall in costs seen

For the seventh month running there has been a fall in the index of total unit cost increases expected over the next year. Having reached double figures in the summer of 1970, this index is now down to 7.5 per cent.

The number of firms hoping to contain wage increases below the 10 per cent. level continues to increase slowly—but the proportion of respondents forecasting wage increases in the 10 per cent. to 14 per cent. range is still 62 per cent., against 68 per cent. last month. Of the groups examined in detail this month, the least optimistic about costs is the building and construction industry; on the other hand the majority of the food and tobacco, and textile and clothing sample, expect to contain wage increases in the 5 per cent. to 9 per cent. range.



restraint. Underlying these predictions, however, is the suspicion that traditional accounting practices are still overstating the extent of the profits revival in real terms. These surveys are based upon detailed interviews with top executives about their companies' situation and prospects. Three industries and about 30 companies are covered in turn every month from a sample based upon the FT Actuaries Index, which accounts for about 60 per cent. of the total turnover of all public industrial companies. The weighting is market capitalisation.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month). Foreign owned companies operating in Britain have been included in the sample since November, 1968.

profit margins. The textile and clothing industry, in particular, foresees a marked improvement in margins; so, to a lesser extent, does the construction industry. But it was noteworthy that one large manufacturer in the food and tobacco sector was doubtful about covering costs after signing the Confederation of British Industry's agreement on price

## APPOINTMENTS

### Provincial Insurance deputy chairmen

Mr. J. T. S. Bower and Mr. R. S. Clifton have been appointed deputy chairmen of PROVINCIAL INSURANCE COMPANY and PROVINCIAL LIFE ASSURANCE COMPANY.

Mr. A. R. Langan has been appointed managing director of RATCLIFFE BROTHERS and VICTORIA, members of the Public Corporation group, from September 1.

Mr. J. Harris has been made sales director, and Mr. M. W. Fordyce, finance director, of both companies. Mr. T. R. May, works manager of Victoria, has also been appointed to the Board of that company.

Mr. T. Mitchell has been appointed to the Board of J. C. BAKER HOLDINGS, as financial director.

Mr. L. J. Thomas has resigned as chairman and managing director of STRATFORD EQUIPMENT COMPANY, but remains on the Board of John Tann Security, the parent concern.

Mr. J. W. Lery has been appointed chairman and Mr. B. A. Evans managing director of Stratford Equipment Company.

Mr. P. A. Bull has been appointed a director of GRAND JUNCTION COMPANY and the following subsidiary companies: Land Revenues Trust and the London Property Investment Trust (and its subsidiary, Brook Drive Properties).

Graham Hill, while continuing to lead the Bramhall F1 and Formula 1 teams, has joined GKN, Britain's largest engineering group, in a consultative capacity. He will be involved with GKN's automotive sub-groups.

Mr. Matthew M. Sloan, joint-secretary of the SCOTTISH STOCK EXCHANGE has retired after 53 years' service.

Mr. William A. Stupart, joint-secretary of the FEDERATED, is now sole secretary. Mr. Stupart also succeeds Mr. Sloan as secretary of the Glasgow Stock Exchange Association.

Mr. J. A. Scott has been appointed managing director of the SELTRONIC GROUP and its subsidiaries.

Mr. Gerard Coghlan has been appointed director of personnel of DUPORT SERVICES.



# Wilson 'never worried' about stab in back

Mr. Harold Wilson said last night that he never worried about a political stab in the back. He was asked in a television interview whether he ever approached colleagues whose personal ambitions competed with his own, when the Press were saying the knives were out. Mr. Wilson replied: "No, good heavens no." Several had said that he was under a bus, they would be a candidate.

"But I certainly don't interpret that as meaning they are going to push me under one."

"In any case, I'd stay on the pavement."

Mr. Wilson was appearing in the second part of London Weekend Television's *Man in the News* profile.

On the Common Market, Mr. Wilson said that the absence of any permanent arrangement for the Market was "too directed to maintain inefficient agricultural production."

"That is one reason why I find the terms disappointing and unacceptable."

Mr. Wilson, questioned about his recent book, agreed that, as

Prime Minister, he had felt it right to join Europe, though he added he had always assumed it would not be such a tightly-knit bloc that Britain would not be able to go on trading with the outside world.

**Not "seduced"**

Mr. Wilson denied he had been "seduced" by President Johnson. L.B. was a very mixed character—he could be stormy one moment and then very friendly. But basically he was "loyal to Britain and what we were trying to do."

The Opposition Leader said he had never felt that because America supported him, on Rhodesian sanctions, he owed America something on Vietnam. He was asked if it was conceivable that any future Labour Prime Minister would try to negotiate with Mr. Ian Smith now he had categorically said he did not believe in the "six principles," the last of which Mr. Wilson added "to give some protection to the white minority."

"As long as he does not accept

them... then, of course, there cannot be an agreement," he replied.

"I think it inconceivable that a Conservative Prime Minister can reach an agreement with him which flies in the face of the five principles."

"And I think that myself and any future Labour Prime Minister will insist on the five principles as an additional agreement."

It would have been historically impossible and morally wrong to have used force against Rhodesia.

Mr. Wilson said he thought that the TUC declaration of intent, which Labour had accepted in place of their Industrial Relations Bill, was as effective as if the Bill had become law.

Did he recognise that he now had a credibility gap problem? "I recognise that a lot of the newspapers have been whipping it up by the nice selective quotation," he said.

"When you get the whole picture of the knives into you, of course, it is bound to have some effect."

## GOVERNMENT AND INDUSTRY

# 'Competition' may not be enough

BY AUSTEN ALBU, MP

WHEN the Government came into office there were signs that, tired of the arguments of post-Keynesian economics, they might be returning to the Liberal Party position in the great tariff reform battles of the turn of the century. The professional economists, unable to settle the argument between fiscal and monetary policy for medium-term economic management, and with no politically acceptable answer to inflation, had virtually thrown up their hands in despair and left the problem to the psychologists. The Government, with its hardly a whisper of back-bench dissent, but with obvious support from Mr. Powell and his friends, seemed to have adopted a posture of Coudenhove-Kalergi, interventionism was out of favour; competition and rigorous exposure to the laws of classical economics were the panacea which would cure the British disease.

The protagonists of the original battle between Government intervention and laissez-faire would no doubt be surprised at the reopening of a fight that seemed settled for all time; but they would also remember that there was a time, between the wars, when some Free Traders and some Tariff Reformers were united in a search for national efficiency through Government action. This was the period in which British industrial supremacy was being lost to the U.S. and Germany and the inefficiency of some British public institutions had been shockingly demonstrated, along with the appalling physical and intellectual condition of a large part of the population, by the early military defeats in the Boer War. The warnings that the National Efficiency groups proclaimed, about the need for reforms, were not new. In particular, the

growing threat of German competition, and the reasons for it, had been foreshadowed by scientists such as Lyon Playfair, engineers like Scott Russell, economic historians like W. J. Ashley and journalists such as E. E. Williams, since the middle of the 19th-century; but, as so often in our history, their warning went as first unheeded by those who saw only the present and failed to observe the trend. By the 20th-century, the writing was clearly on the wall, if a little obscured by the overwhelming internationalist posture of the City of London and the receipts from overseas investment.

The causes of Britain's relative industrial decline have never been fully agreed by economic historians, but the pre-eminence of Germany and the U.S. in the new and growing industries, such as chemicals and electrical engineering, based on industrial research and much better educated industrial managers, engineers and workers, undoubtedly played a major part. Many of the policies of the National Efficiency group, as of the Tariff Reformers, have been adopted; but it took until the 1960's for this country to have a complete system of education, including technical education and training, on anything like a level with its main competitors. The work of the Committee on the Machinery of Government, and of Balfour when Lord President of the Council, greatly enlarged the part which Government played in scientific and industrial research, and the war. Since the last war, Government activity in all these fields has grown apace and the arrival in industry of the first generation of men and women who have been brought up with reforms expected to have a stimulating



Haldane (left) in 1912 and A. J. Balfour in 1919: "greatly enlarged the part government played in scientific and industrial research between the wars."

our trading performance during the last decade has been more favourable in those products in which world trade was growing most slowly, and least favourable in products in which it was rising fastest. Another NEDM study shows that, on present trends, the U.K. might in 1 year's time have a net deficit in trade in mechanical engineering products which must form large part of the manufacture output of advanced industrial countries, and which depend for their sales as much on design and reliability as on price.

It would seem, therefore, that even if present policies were to produce advantages for the economy in the short term, the economy is not likely to have any fundamental effect on our long-term problem with its lengthy history. Some economists may believe that a higher rate of capital investment will do the trick, and the Government is obviously relying on this to happen; but the problem becomes more acute as the industries which take the lead become more sophisticated and expensive to start an maintain.

The Americans support these industries by massive defence and space programmes, in Japan have concentrated directed their efforts towards the fast-growing products; the Germans are about to embark on an extensive Government-supported research and development effort and the French have set up an institution on the lines of the Industrial Reorganisation Corporation, which was one of the first victims of the U.K. Government's "radical" policy.

In the light of these facts, it is right for Britain to reverse its interventionist policies, even if there has been time to judge their results?

# English Tourist Board seeks end to drink hours curbs

FINANCIAL TIMES REPORTER

RESTRICTIONS on hours for the sale and service of alcoholic drinks should be abolished, according to the English Tourist Board.

Evidence indicated that "foremost and most obvious" reasons for the curbs were designed to make the traveller more pleasurable could be the abolition of existing "closing hours," the Board says in a memorandum to the Committee of Inquiry into the Licensing Law (England and Wales). Acknowledging the long hours worked by licensees, the Board recommends a maximum opening of 14 hours in any 24 and a minimum of five. The individual licensee should have discretion over his opening hours.

The Board emphasises that its licence is related strictly to the needs of tourists. "We have had special regard to the political, religious or socio-economic aspects licensing where these might be a counter to the interests of a tourist."

An exception is made, however,

to the possibility of alcoholic drinks being sold with meals at motorway service area restaurants. "We realise that there are strong feelings on this matter and we do not think in any event that the tourist interests should prevail in this instance."

The Board points out that it had no real evidence that the prohibition on the sale of drinks in such areas was detrimental to tourist activities.

**Standardised**

If licensing regulations were to be retained, the Board says they should be standardised throughout the country. To help tourists, greater flexibility should be permitted in opening hours at resorts, railway and coach stations and airports.

Drinks should be available with meals at any time and, at the manager's discretion, children should be allowed in parts of licensed premises ancillary to catering services.

The Board also recommends that the licensing procedure should be reviewed and simplified with consideration given to the transfer of responsibility to the local authority.

## LICENCE FOR U.S. CENTRIFUGES TERMINATED

Thomas Broadbent and Sons, of Huddersfield, and Bird Machine Company, of South Walpole, Massachusetts, announce their termination of the licence under which the former has manufactured and sold the Bird continuous centrifuge line since 1961 under the name of Broadbent-Bird.

On quotations made after September 30, 1971, Broadbent will supply only its own make of centrifuges of this type under its own name in competition with the Bird centrifuges.

## ULSTER STUDY OF STATE INDUSTRY FORMULA IN ITALY

By Our Own Correspondent

ROME, Aug. 1.

A four-man team of the Northern Ireland Economic Council has completed a tour of southern Italy to study the feasibility of the Instituto per la Ricostruzione Industriale (IRI) formula of State-promoted and controlled industry for Northern Ireland. The party was led by Mr. J. T. O'Brien, chairman of the council's sub-committee looking at State industry.

The party visited several of IRI's main plants in the south, including the Taranto steel works and the Alfa Romeo car plant under construction at Pomigliano, near Naples.

# Record total of design awards made by RIBA

BY ELSBETH GANGUIN

THE Royal Institute of British Architects has made a record 12 awards this year.

Entries for this annual scheme, which is now in its sixth year, added up to only 281, compared with 360 last year. But awards were won for new buildings in every region, except Scotland.

One went to the town hall and civic centre at Sunderland (architect Sir Basil Spence, Bonnington and Collins; builder John Laing). The Yorkshire Post building at Leeds was another (John Madin Design Group). Further winners were the regional headquarters for the National Westminster Bank in Manchester (Casson, Conder, Fram Russell Construction); and the Henley Road Housing Estate, Coventry (Terence Gregory; city architect and planning officer, Clark Bros. (Construction)).

## School

Also honoured were Arkwright School, Ilchester (John Goff, architect; R. C. Tamm (Builders)). The Combination Room, Downing College, Cambridge (Howell Killick Partridge and Amis; Sons); the Dorset Water Board's headquarters at Poole (Farmer and

Dark; Rawlings (Builders)) and Alexander Barracks, Pirbright (Architects' Co-Partnership; Rush and Tompkins).

Finally, awards went to St Antony's College, Oxford (Howell Killick Partridge and Amis; Norman Collinson (Construction)); the Czechoslovak Embassy in Kensington (Stratton, Stepanski/Robert Matthew, Johnson-Marshall; G. E. Wallis); to Lydwicev Crematorium at Glamorgan (H. M. R. Burgess, Knox and Wells) and to Antrim county hall, Ballymena (Burman and Goodall; McLaughlin and Harvey).

Private developer housing schemes were once again "conspicuous by their absence," as RIBA puts it. In the past six years, when a total of 62 awards were given, only one private scheme has been nominated.

The architects Howell Killick Partridge and Amis were this year to receive two awards this year, while Robert Matthew Johnson-Marshall had received an award for the third successive year.

Three of the schemes nominated this year had originated from architectural competitions. The 22 previous awards were shared by 41 architectural practices and local authority architects.

personal affirmation of its Leader," Mr. Powell was speaking at the Ross and Cromarty Conservative fête in Ardsay, Ross-shire. He had no intention of getting entangled in the argument as to how the consent of the people, as distinct from Parliament, might be ascertained.

**Last resort**

What was certain was that in the last resort, if given at all, must be given on behalf of the people by Parliament. For whatever procedures were gone through—even to and including a General Election, the last word in the legislative word would still need to be spoken by Parliament and, in particular, by the Commons.

"What is beyond dispute," said Mr. Powell, "is that a decision of the House of Commons which was opposed by the official Opposition, which was no small fraction of the House but one over which the Government possessed only a narrow majority, could not, by any stretch of the imagination be regarded as taken with the 'full-hearted consent of Parliament.'"

"This would not be altered if individual members of the Opposition voted for the proposition, any more than if individual supporters of the Government voted against."

"The full-hearted consent of the House of Commons can be given only by a House of Commons overwhelmingly united," said Mr. Powell.

"The fact, and it is a fact, which can be recorded now, is that the Government could not, without indelible breach of honour, purport to accede to the Treaty of Rome, if Her Majesty's Opposition were against."

opposed by the official Opposition, which was no small fraction of the House but one over which the Government possessed only a narrow majority, could not, by any stretch of the imagination be regarded as taken with the 'full-hearted consent of Parliament.'"

"This would not be altered if individual members of the Opposition voted for the proposition, any more than if individual supporters of the Government voted against."

## More Normandy Ferries sailings next summer

NORMANDY FERRIES will be offering up to 40 per cent more sailings between Southampton and Le Havre during the 1972 holiday season.

The service, operated by General Steam Navigation in association with Société Anonyme de Gérance et d'Armement, of Paris, will provide 28 sailings a week from the beginning of 1972 to the end of the holiday season.

From October 13 this year, there will be two daily sailings in each direction except during part of November and December, when the vessels will be separately docked and the service halved.

Associated Companies Amalgamated Springs & Suspensions (Pty) Limited of Johannesburg declared a final dividend of 8% for the year ended 30th June, 1970 and has since declared an interim dividend of 6% on account of the year ending 30th June, 1971. This business continues to make rapid progress and we are expecting the profits for the year which ends on 30th June, 1971 to show a significant improvement over the previous year.

Jonas Woodhead & Sons (India) Limited reported

Year ended 31st March 1967 1968 1969 1970 1971

Profit before Tax 749,966 648,455 880,490 1,323,220 1,672,701

Taxation 315,000 282,500 404,000 590,800 630,300

Profit Retained 142,334 65,156 167,451 348,973 644,552

Total Issued Capital and Reserves 3,899,608 4,013,700 4,216,140 5,514,446 6,199,588

Issued Ordinary Share Capital 1,153,130 1,153,130 1,153,130 1,532,818 1,542,318

Rates of Ordinary Dividend 23.0% 23.0% 25.0% \*26.0% \*28.0%

\*On capital further increased on the acquisition of Toledo Woodhead Springs Limited in November, 1969 and J. R. Burton Limited in December, 1970.

## THE WOODHEAD GROUP OF COMPANIES

# AULT & WIBORG GROUP

Manufacturers of Printing Inks, Printers' Rollers, Container Coatings, Automobile and Industrial Finishes.

Salient points from the Statement by the Chairman, Mr. Alexander Crawford.

\* The trading profits of the Group for the year to 31 March 1971 amounted to £1,090,775 compared with £1,031,380 for the previous year, and after taxation the net trading profit before charging extraordinary items was £502,395 against £438,165, an increase of approximately 15%.

\* The Board recommended a final dividend for the year of 6%, making a total of 10%, the same as last year.

\* Much effort has been made in the past few years towards the rationalisation and concentration of the efforts of the Group and we are now on an even sounder basis to take advantage of the hoped for upturn in the economy of the country. This policy is being continued in every sphere of our activities and falling unforeseen difficulties we are confident that your company will continue to improve.

## LOBE & PHOENIX GOLD MINING CO.

The 78th annual general meeting of The Globe & Phoenix Gold Mining Company, Limited was held on July 30 in London, MR. S. BIRD, T.D., the Chairman, presiding.

The following is an extract from his circulated statement: Development—During the year ended 31st December 1970, development work amounted to 49 feet. Of this footage, 357 ft was on reef and 112 ft in country rock. No payability was encountered in any of this development, raise on the 6th level has passed about 1,000 tons of payable ore.

Mining—The tonnage milled was 32,908 tons (1969—35,010 tons). The head value averaged 38 dwt per ton (1969—4,800 dwt per ton) and the residue was 0.874 dwt per ton (1969—0.574 dwt per ton). Ore Reserve—At the year end, payable ore reserves were calculated at 8,000 tons in pillars averaging 22.50 dwt per ton over 40 inches. This ore is not signed as payable reserves as there is some doubt as to its ultimate extraction. There are no payable ore reserves.

Antimony—During the year there was a short lived but most welcome increase in the world tinmy price and full advantage was taken of this by the company. Efforts were concentrated antimony production and sales the value of £82,896 were obtained. Unfortunately the anti-

mony price has dropped sharply, and production of the metal has been suspended.

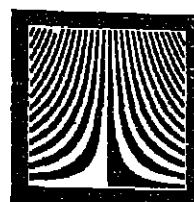
Que Que Farms—In 1971, the Company has purchased the Riverlea farm which consists of 4,558 acres. This farm adjoins the Que Que Farms and should provide a valuable extension for our farming operations.

Since last year 32 paddocks have been built and more are in the process of being built. This will make for better grazing, and enable the policy of increasing the beef herd to be better implemented. During the year the head of cattle was increased from 1,139 to 1,742. Based on expert advice given by the Rhodesian Government, it should be possible to increase the beef herd to 3,000.

Que Que Urban Property—Your Company owns valuable property in the best residential area in Que Que, which has so far not yet been fully developed. As there is an acute shortage of housing in Que Que, it has been decided to build a three storey block of flats on ground owned by the Company, and these flats should prove a valuable investment. Should this project prove as successful as is anticipated, it is intended to erect more blocks of flats.

General—I feel it right to point out that a drop in profits in 1972 must be anticipated, as it is unlikely that profitable sales of antimony can again be expected. The Company is actively seeking new mining ventures, and whilst it is too early for me to tell you of these, I can say that there may be interesting possibilities developing which arose during my visit to Rhodesia in April.





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PROSPECTING FOR OIL

### Faster method of drilling

AFTER ten years of research and development Gulf Oil has devised a radically new way of drilling for oil which promises to be more effective than the method that has been used for the last fifty years.

It is called "abrasive jet" drilling and Gulf's latest tests have found it to be between four and twenty times faster than the conventional method depending on the depth of the hole and the type of ground being penetrated.

Much of the equipment used in Gulf's new system is similar to that found in the old. There is still a string of drilling pipe fed into the ground with the aid of a derrick and turned by a turntable at the surface. The difference lies in the bit itself.

Instead of grinding its way through the rock with a series of diamond-studded rollers, the Gulf bit cuts the rock away with jets of steel pellets travelling at 600 miles an hour and sprayed against the rock at the rate of two tons a minute. The steel is carried down in the flow of "drilling mud" that lubricates and cools the traditional bits and carries the

chips of rock back to the surface, only in the Gulf bit this drilling mud is recycled together with the pellets—fed into the top of the drill pipe at 12,000 pounds per square inch.

The only physical contact which the bit makes with the rock is through a series of hardened shoulders which break off the thin flutes of rock left by the abrasive spray.

The bit has two major advantages. In the first place it allows a much greater amount of power to be fed into the actual work of cutting through the rock. Together with the compressors that are needed to pump the mud at sufficient pressure, Gulf reckons that it can put between 2,000 and 5,000 h.p. to work, which is up to 50 times the power that can usefully be fed into the old style turntable. It is this power factor that enables the new drill to cut much faster through the rock.

The second advantage is of great value when holes are being drilled to great depths—the natural gas search in West Texas is currently taking pipestrings five miles down. Because most

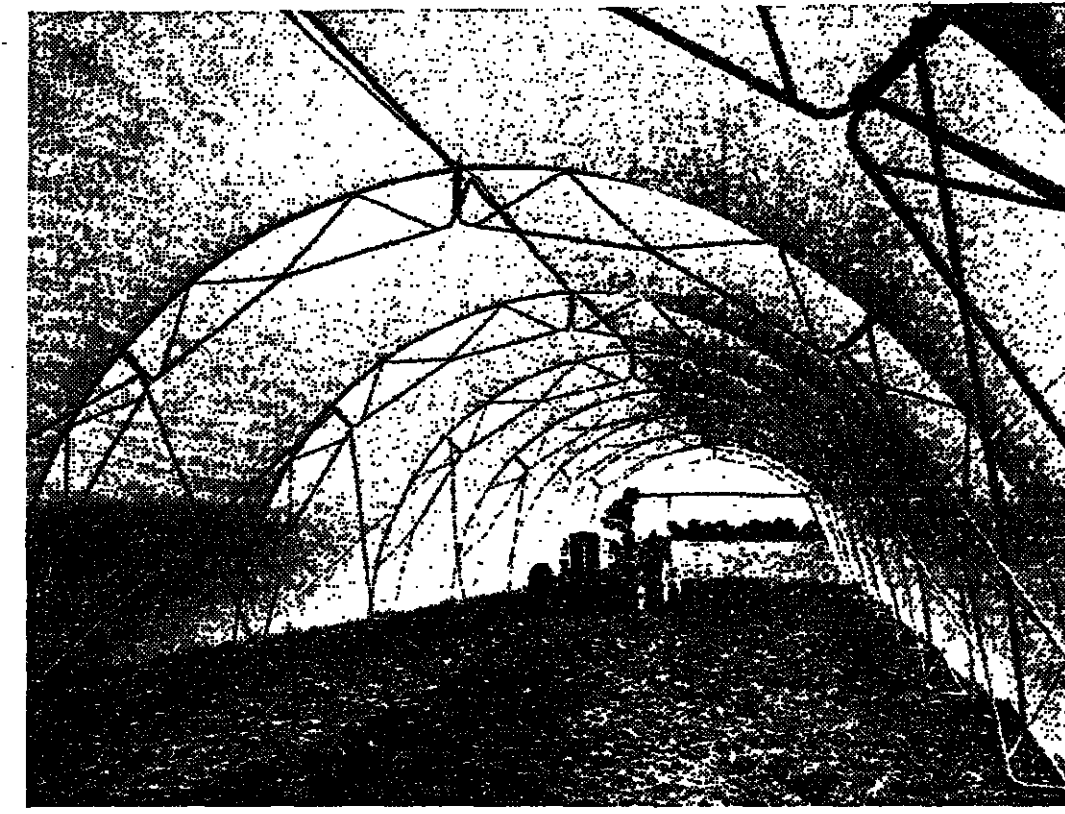
of the cutting is done by the spray of pellets, the nozzle-bit will last between three and seven times as long as one of the older types.

More important still, the bit can be replaced at the bottom of the hole without having to haul all the pipe up as is necessary at the moment. This is because the bit is smaller than the internal diameter of the drill pipe. Its jets cut a hole that is larger than the pipe but the bit can be persuaded to come up or go down inside it. So, when a bit gets worn, it is pulled up to the surface and replaced with a new one that is pumped into position on the front of a metal mud stream.

Gulf claims that it has beaten most of the important problems that must be inherent in such a system—it is happy with the pumping system for instance. The difficulties that remain concern the surface handling and separation of the abrasive mixture of drilling mud, steel, and rock chips that pours out of the bore-hole at the surface.

NICHOLAS COLCHESTER

A rotating concrete skip is being fitted to the Bison all-wheel drive 2-ton dumper by Rayfords of Bolton, Bolton, nr. Grantham, Lincs. The skip, which has a capacity of 26 cubic feet fluid and 30 cubic feet struck, can be slewed either by manual or hydraulic means through 180 degrees. Tipping is controlled by twin double acting hydraulic rams. The complete assembly is built on to a frame that bolts down to the main dumper chassis. It is removable, enabling the dumper to be also used with the standard hydraulically controlled skip.



The tractor and mechanical digger demonstrate the ease of working in this greenhouse manufactured by Polyweave, of Bacup, Lancs. The cladding is woven from polypropylene tape, with an ultraviolet inhibitor that gives

the material a working life of 2 1/2 to 3 years. The rigid framework has been developed by Tube Products, a T1 Steel Tube Division company, which has produced a four-piece modular arch from steel tube.

## WATER

### Meeting the rising demand

WATER planning should be carried out on larger geographical areas than at present if the best use is to be made of our resources, according to Mr. Michael Kennard, of Rofe Kennard and Lapworth, consulting engineers, one of the members of Associated Consultants in Water Affairs.

In addition, said Mr. Kennard, sewage also needed to be considered on a larger scale. These two and pollution of water, must be considered as parts of a whole problem rather than as entirely separate problems. Only in this way, he considered, could adequate supplies be ensured to meet the growing needs of industry.

Although he felt that a nationalised water undertaking would not be appropriate, he foresaw the day when there would be a national committee to co-ordinate activities and advise on the best solution for particular cases. Particularly in sewage, there is at present very wide variation in the approaches taken by the different

authorities. Since water demand will double by the end of the century this means, said Mr. Kennard, that all the reservoirs and works built during the past 150 years will have to be duplicated during the next 30. This will impose heavy strains on the resources available and we must be found to optimise the return in relation to expenditure.

For any particular reservoir site, for example, there is often very little gained by making the water capacity larger than a particular size. Thus over the next ten or 20 years it will be necessary to re-examine sites that would once have been rejected as unsuitable.

Founded in early 1970 under another name, ACWA is one of a small number of specialist associations that have been set up to offer an inter-disciplinary approach to all problems connected with water conservation, pollution control and waste disposal, among other things. Associates, apart from Rofe Kennard and Lapworth, are Sir

William Halcrow and Partners, Economic Associates, Urwick Orr and Partners, and D. Balfour and Sons.

Quite apart from scientific and engineering skills, such a group can offer economic analyses and assessments and management guidance on any project in the field.

These groups have been formed too recently for there to have been any general acceptance of their approach in the U.K., although a great deal of interest has been shown by both local and central government.

Overseas, however, many such portmanteau consultancy contracts have been placed for water schemes, especially in the developing countries where the problem is often one of supplying a complete conservation, distribution, sewerage and sewage treatment and waste disposal complex.

ANDY McLEOD

### Service for water management

TWO companies, each well known in its own fields, are now co-operating to provide a complete service in flood and water control either for emergency or medium-term uses.

Irvine Great Britain, of Letchworth, Herts., is concerned with what it calls fabric engineering, embracing such activities as the design and manufacture of safety belts, parachutes and now portable and flexible water-retaining structures.

The other partner in the venture is Robert Frillo Associates of Southampton, consulting engineers who have made flexible materials engineering one of their specialities. Between them, the two companies hope to have both the basic theoretical knowledge and the manufacturing capacity to serve a wide range of needs in the water control fields.

In particular, the partnership feels that it is particularly well placed to undertake flood control schemes because of the ease and speed with which the textile barriers can be put in position or removed to another location.

## PROCESSES

### Applies hot glue

INTRODUCTION of a low-cost hot melt adhesive application unit for batch type assembly operations has been announced by Spray Finishing Systems, of Hampden Park, Eastbourne, Sussex.

Called the Thermopulse model 1513 the system is intended for high speed production operations and may be utilised says the company, for virtually any assembly or joining operation.

The unit is completely self-contained. The item to be joined or fastened is placed directly under the integral spray nozzle and the hot melt adhesive is deposited upon receipt of a signal. The machine can be operated by a foot valve, or an externally-mounted solenoid valve can be set to operate the pump from a variety of signalling devices, including timers. The material flow stops instantly and without dripping.

It is also intended for semi-automatic operations, where it can be set to straddle the conveyor or index table. The storage tank holds a gallon of hot melt in any form. A built-in pumping system ensures fast, positive flow of hot melts in varying viscosities, and there is a built-in temperature controller, readily adjustable to regulate temperatures up to 500°F.

## PRODUCTS

### Pressure vessel closures

OPENING of access panels in high pressure vessels often entails a degree of risk if there is the means of ascertaining whether the pressure has been released.

Accidents caused by vessel doors being opened while still under pressure have resulted in several safety measures being introduced.

One such method has been developed by Swinney Brothers, of Morpeth, Northumberland. Closures with opening sizes ranging from 6 to 24 inches diameter, suitable for pressures up to 1,440 psi, are available.

By means of a single lever, three locking pieces secure a hinged door. To prevent opening without regard to internal pressure, a vent plug is interlocked with the operating lever.

This plug has to be unscrewed prior to opening and gives an audible alarm if pressure remains in the vessel. Typical applications for this type of quick-release closure are filter vessels and scraper traps.

### Suspended matter removed

FILTER cartridges of synthetic wool, nylon and polypropylene are now being produced by Schumacher Filters, of 69/71 Wilkinson Street, Sheffield S10 2GJ.

These cylinders are wound on 30mm diameter cores of perforated steel and plastics and they are made in lengths of 190 mm and 250 mm. The elements may be used singly or assembled end to end to form longer elements of up to 1500 mm. They are available with outside diameters of 50, 60, 65 or 70 mm.

It is claimed these filter cartridges will remove suspended matter down to sub-micronic particle sizes from water, oils, lacquers, beer, wine and beverages. The degree of separation of the elements can be varied to suit individual requirements and elements are available with ratings of 1, 5, 10, 15 and 20 microns.

Polypropylene elements can also be used for special applications involving the filtration of corrosive liquids, acids and alkaline solutions and non-chlorinated solvents.

## PRINTING

### Treatment of plastics products

BEFORE printing, plastics parts must be flame treated to give the surface needed for good adhesion and good appearance.

Round Screen Process, of Church Road, Egham, Surrey, well known for its printing equipment, has now announced a unit for flame treating large plastics

products beyond the size that can be handled by normal equipment.

Basically, this is an electrical turntable taking the parts, together with fully adjustable flame heads working on town or bottled gas. Adjustable guides cope with all diameters and heights, and the only supplies needed are 200-240V single-phase electrical outlet and a gas supply.

## INSTRUMENTS

### Portable two-channel recorder

A PORTABLE Philips flatbed pen recorder intended primarily for applications where two inter-related phenomena have to be recorded against time is now being marketed by Pye Unicam of York Street, Cambridge.

Called the PMS010, it employs nylon pen systems that have easily replaceable pen tips to provide sharp, clear traces at all slewing speeds. It also features a pen-lift system that can be either push button or remotely controlled.

Five calibrated potentiometric ranges up to 50 mV full-scale are provided, or six ranges up to 5 V with a 100:1 attenuator in use. An accuracy of 0.25 per cent and reproducibility of 0.1 per cent, over the temperature range 0 to 40 deg. C is claimed.

The instrument's electrical zero can be suppressed so that the whole chart width can be used to record a given parameter.

The PMS010 has a standard ten speed gearbox that permits front panel selection of chart speeds from 0.5 to 500 mm per minute in a 1:2:3:5 selection sequence.

### Inexpensive radiation monitor

MOST personal radiation monitors for staff working in potentially hazardous areas suffer from the drawback that they are cumulative, and give no immediate indication of radiation levels.

A new, inexpensive monitor manufactured by Danfysik of Denmark, and now available in the U.K. through Wenzel Elektronik (U.K.), of Arndale House, The Precinct, Egham, Surrey, gives an immediate response when radiation is encountered. It is sensitive to both gamma and hard beta radiation, and has an indicating range from one millirad to two rads per hour. Speed of response of the instrument is one second, and it emits an audible signal, at a level of 75 dB at a distance of a foot, if the person wearing it should enter an area where levels are above the preset value. Overall weight is 120 gm, and battery life is said to be 10 months in continuous use.

### Detects ultra-violet

THE "Fracto-Scan," a Buchler dual beam ultraviolet monitor is now being marketed in the U.K. by Arnold R. Horwell of

## COMMUNICATIONS

### New banking network proposal

ABOUT 70 of the world's leading banks have agreed to fund a study of a computer network to provide facilities for international payment transfers. Logica has been awarded a four-year contract to carry out a project assessment and outline network design and expects to make its first report early next year.

The projected network will link banks in Europe and the U.S. and, says Logica, is probably the most ambitious commercial data communications system currently being planned. The object of the system is to provide a better service to the banks' customers, in view of the growth in international trade and the parallel growth in the volume of international payments.

Participating banks in the U.K. are Barclays, Lloyds, Midland (including Coutts), National Westminster, Williams and Glyn, Clydesdale, Bank of Scotland and Royal Bank of Scotland. Major banks in nine different Continental and Scandinavian countries and 25 U.S. banks are also taking part. It is believed that the value of the contract will be over £50,000. Logica's research team will be led by Dr. Pat Coen.

### Better radio to ships

THE POST OFFICE is spending £21m. in providing more equipment and facilities to improve its radio communication with British merchant ships. New operating facilities have been provided at the control centre at the Post Office radio station at Burnham-on-Sea, Somerset, and extra transmitters have been installed at the transmitting stations at Dorchester and Portsmouth.

The developments follow the decision to close the Long-Range Area Communications Scheme on July 31, as a result of changes in Commonwealth communications systems.

From now on, British ships will communicate directly with Burnham from all parts of the world.

## MATERIALS

### Paint will last for many years

THREE times the life of conventional paints is the claim being made by ICI Paints Division for its latest metal coating material.

The paint, Fluorux, is intended mainly for use on architectural cladding, curtain walling and roofing systems where the metal sheet is coated and formed before leaving the factory. It has exceptional durability and flexibility, and is capable of withstanding any forming operation likely to be needed in the production of cladding without cracking, says ICI.

According to ICI Fluorux is a finish based on a polyvinylidene fluoride resin, Kynar 500, made by the Pennwalt Corporation of the U.S.A. This paint

can be applied at a film thickness of 20-25 microns on high speed coil coating equipment and can be applied by spray or roll-coated over a suitable primer.

Highly resistant to atmospheric and chemical attack, the paint has been subjected to accelerated weathering tests and suits are said to indicate that it will perform satisfactorily for 20 years.

### Low sludge phosphating compound

BI-METAL phosphating compound for spray coating steel and galvanised steel now available from Pennwalt Chemical produces a fine, uniform crystal line structure which serves as an excellent base for subsequent painting.

Called Pennbond 86, it gives coating weights ranging from 1 to 300 mcs per square foot depending on operating conditions. A clear, green, odourless liquid, it is readily miscible with water at use concentrations and produces a bath with low sludging characteristics. The material is available in 70 kilograms drums. Pennwalt is at Dom Road, Camberley, Surrey.

### Economic moulding

RE-USABLE material for production of moulds in polyester and other types casting resin has been developed by Vinatex, of New Lane, Haverhill, Hampshire.

Claimed to overcome many of the problems associated with flexible mould systems, the material, called Vinamold 95 can also be used without release agents or waxing. The substrate offers savings as it can be melt down and re-used.

Suitable for use with water-soluble polyester resins for production of detailed art form, furniture fittings and decorative panelling, it can be used in large or small moulds for cast plastic materials or concrete.

### Impregnated wood fibre veneer

TOUGHER and more flexible Leron simulated wood veneer manufactured in Germany by Dr. Kurt Herberichs and Co. now available from K. Herberichs (U.K.), of Bowles Gardens, Wear Bay Road, Folkestone, Kent, the British subsidiary.

Composed of resin-impregnated wood fibres, like the standard grade, the veneer pattern achieved by photo-reproduction of wood veneers transferred to photo-engraving.

The new Leron is more elastic than reconstituted veneers previously available. Unlike elastic pre-bonded material it does not stretch or shrink under thermal load, according to Herberichs.

Capable of being curved to radius of 2.5mm, the material is said to be three times as durable as Leron 3D. It is available in plain colours, wood effects, abstract designs and can be glossed or flat.

### CORNWALL PROPERTY (HOLDINGS) LIMITED

A PROPERTY INVESTMENT AND TRADING GROUP  
Chairman: Mr. R. A. SHUCK

#### "A YEAR OF REMARKABLE PROGRESS"

The following are the main points from the Chairman's Statement and the Accounts for the year ended 31st March, 1971—

The Accounts show record profits of £16,706 prior to taxation, an increase of some 30% over those of the previous year. These figures do not include any contribution from Cophall Holdings Limited or Edward Webb & Sons (Stourbridge) Limited.

The acquisitions of Cophall Holdings Ltd., Edward Webb & Sons (Stourbridge) Ltd., Europa Merchants Ltd., Cornwall Estates Ltd. and Baldean Estates Ltd. are evidence of your Board's previously announced intention to enlarge the Group by a vigorous acquisition policy.

Acquisitions will continue both by the Property and the Trading Divisions.

The recruitment of first class management is a priority of your Directors and strengthening of the executive team continues.

Dividends totalling not less than 30% are forecast for the year ended 31st March, 1972 on anticipated profits prior to tax excluding those of Cophall Holdings Limited and Edward Webb & Sons (Stourbridge) Limited of not less than £350,000.

Shareholders can expect further growth in the Company's assets and earnings.

	1971	1970
Summary of Results	£	£
Profit before taxation	216,706	166,858
Taxation	82,885	75,364
Ordinary dividends	56,656	33,092

### HALMA INVESTMENTS LTD.

COMPANY POISED FOR MAJOR EXPANSION

Salient points from the circulated statement of the Chairman, Mr. T. H. Thilling.

\* The Company's main operating subsidiary, Fletcher Brock & Collis Engineering Ltd., again increased its pre-tax profits from £61,843 in 1969 to £78,809, an increase of 27%. The profits of the Group as a whole after all charges excepting taxation amounted to £54,233 (£36,316), an increase of 49%.

\* As regards investments, the fall in income is the result of realisations for the purpose of feeding further funds into the Engineering subsidiary and for purchasing for redemption £25,450 of the 7% Unsecured Loan Stock. Share dealing operations resulted in a loss which was attributable to the difficult Stock Market conditions.

\* A second interim dividend of 5% (in lieu of final) is recommended making a total of 12½% for the year (same).

\* Following the recent successful rights issue, the Company's liquid resources have been increased by more than £100,000. Shareholders are also being asked to approve an increase in the Company's Capital from £350,000 to £1,000,000. It is the intention of the Board to embark on a policy of major expansion, for which the Company is now poised.

\* Given a period of reasonable industrial stability I consider that the results of the Fletcher Brock Group for the current year will be at least equal to those for 1970. On the year have been far more favourable. I look forward therefore, with confidence, to the overall results for the year.

### MIDLAND-YORKSHIRE TAR DISTILLERS LIMITED

Board's development policy continues.

HIGHLIGHTS FROM MR. STANLEY DIXON'S STATEMENT

- Year's results hit by high cost increases and expense of commissioning and developing new projects.
- Serious effect on UK chemical industry of continuing cost inflation.
- Bitumen expansion in Midlands proceeding according to plan with satisfactory order book for road binders.
- Benefits from first stage of para-cresol expansion.
- Two further works closures in rationalisation of tar business.
- Joint ventures did not come up to expectation.
- Heavy commissioning programme—approved capital projects at year end totalled £800,000.
- Dr. E. R. Wallgrove appointed Chairman following the retirement of Mr. Stanley Dixon. Mr. L. C. MacMahon appointed Vice-Chairman.

	1971	1970
	£000's	£000's
Group Turnover	11,421	11,343
Exports	28%	20%
Profit before taxation:		
Group	783	1,071
Proportion of profits of associated joint venture companies	27	107
	810	1,178
Less Interest payable	183	187
	627	991
Profits after taxation	396	535
Net assets employed	10,239	10,075
Return on assets employed	7.9%	11.7%
Ordinary dividend:		
Interim paid	5.0p	5.0p
Final proposed	6.0p	7.5p
Dividend cover	1.8	1.9

Copies of the report and accounts available upon request from the Secretary, Oldbury, Warley, Worcestershire.



# Building and Civil Engineering

## £2m. housing award

NOTTINGHAM City Council has awarded a £2m. order with Drury & Co. for the erection of 525 dwellings representing phase 1 of the Top Valley Farm development. The homes on this re-housing project will be of traditional design, including 285 houses, two, three and four bedrooms, 15 bungalows, 210 flats and six maisonettes. The contract also includes six parking spaces and playgrounds. An integral part of the scheme is a community centre for old people which includes a warden's house. Work will also undertake landscaping, roads and sewers. The project is due for completion by 1973.

connected by lifts to all sales departments. Architects are Arthur Swift and Partners.

Taylor Woodrow is already carrying out contracts worth £8m. mainly for Capital and Counties and Nottingham Corporation, for the comprehensive development now well advanced on the 10-acre site.

## Another City block for Trocoll

LEADENHALL HOUSE has appointed Trocoll and Coils main contractor for the redevelopment of Nos. 98-103, Leadenhall Street, London, E.C.3.

Worth £2.5m., the order involves the erection of an eight-storey office block, and the demolition of the existing Leadenhall House and the adjoining West India House. Consisting of ground and seven upper floors together with a director's flat, the development will also contain two basements, the lower of which will be used for plant and parking space for 14 cars.

This building will be air-conditioned. Of reinforced concrete frame construction, with precast concrete panels and mullions faced with Norwegian granite, the structure should be ready within 117 weeks, including 22 weeks for demolition. Architects are Fitzroy Robinson and Partners.

## Centre for Nottingham

IN Lewis Partnership is to a department store within a Victoria Centre at Nottingham as a result of the placing of a £7.5m. contract with Taylor & Francis Property Company. The new store, with three floors, including hairdressers and restaurant facilities, will be sited in Glasshouse Street, displaying windows and entrances from the centre's urban shopping precinct arcade area. Work, which is about to begin, includes the installation of lifts, with storage confined to basement and lower basement areas. Goods will be stored and unloaded from ground service roads. The ground car park will be

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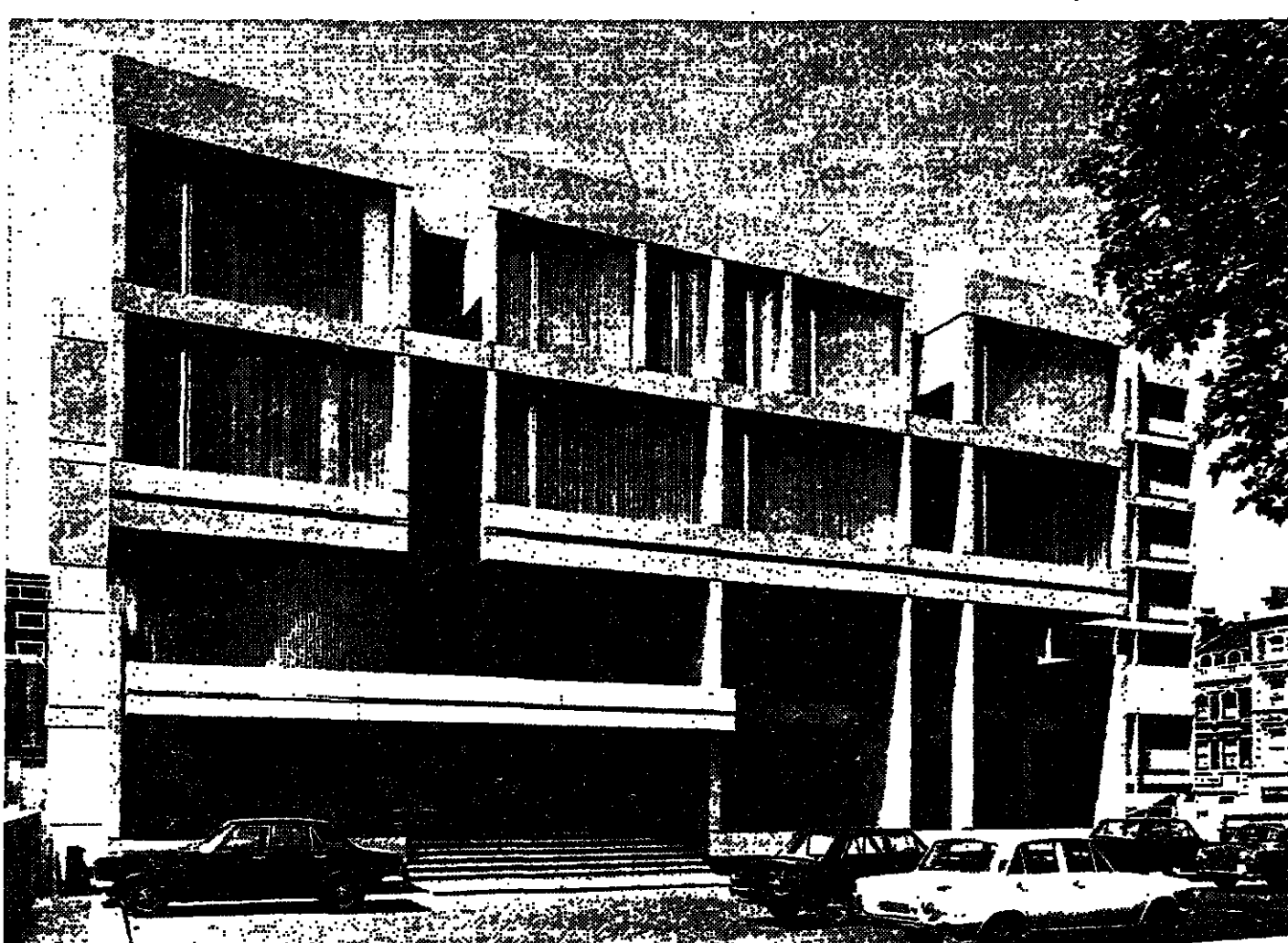
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The annual architecture awards made by the Royal Institute of British Architects this year include two buildings by the same firm of designers, Messrs. Howell Killick Partridge and Amis. They are the Combination Room, Downing College, Cambridge, erected by Coulson and Son, and St. Antony's College, Oxford, erected by Norman Collinson (Construction).

The London award, illustrated here, was made to the Czech Embassy building in Kensington and was designed by Sramek Rovan Stepansky in collaboration with Robert Matthew Johnson-Marshall and Partners; the builder was G. E. Wallis and Sons.

Awards in nine of the remaining 10 regions were made to the Sunderland Town Hall and Civic Centre by Sir Basil Spence Bonington and Collins, built by John Laing Construction; Yorkshire Post building, Leeds, by the John Madin Design Group, also built by John Laing Construction; National Westminster Bank, Manchester, by Casson Conder and Partners, builder Fram Russell Construction; Kenley Road Housing Estate, Coventry,

by Terence Gregory, City Architect, builder Clark Brothers (Construction).

A Arkwright School, Irchester, Northants, by John Goff, County Architect, builder R. C. Tann (Builders); Headquarters Dorset Water Board, Poole, by Farmer and Dark, builder Rawlings (Builders); Alexander Barracks, Pirbright, by Architects Co-Partnership, builder Rush and Towpkins; Lwyddoced Crematorium, Glamorgan, by H. M. R. Burgess and Partners, builder Knox and Wells; Antrim County Hall, Ballymena, by Barman and Goodall, builder McLaughlin and Harvey. No award was made for the Scottish Region.

The total number of entries, 281, was considerably less than the previous year when there were 360 competitors. The RIBA points out that private developer housing schemes are notable by their absence and that in the last six years when a total of 62 awards have been given only one private developer scheme has been nominated.

H. A. N. BROCKMAN

## Staff units at Holloway Prison

PHASE 1 of the Holloway Prison redevelopment in London is to be undertaken by Higgs and Hill Building which has been awarded a £1m. order by the Home Office.

Work covered by this phase includes the construction of 152 split-level dwellings for staff accommodation. These units, of similar layout, but varying in size, will be arranged in 45 building "stacks" contained within seven blocks varying from 4 to 10 storeys high.

Access will be by six stairways and two lifts, with bridges linking the upper level walkway system. Work is due to start to-day with completion planned for October 1973. Architects and structural engineers are Robert Matthew Johnson-Marshall and Partners.

## Approval of new bridge sought

APPROVAL from the Minister for Local Government to go ahead with the construction of a new bridge over the River Suir at Waterford in Eire is being sought by Waterford Corporation.

This follows acceptance of a report by Rendel Palmer and Tritton (in association with O'Connell and Harley of South Mail, Cork) who recommended that the quarter-mile long bridge should be erected across the river just west of Biliberry Rock and should consist of a fixed structure at a level such as to give the minimum clearance necessary for navigational purposes.

It will have shortened approaches connecting directly into the Newrath Road on the Kilkenny side of the river and on the south side it will link up with the Graciedieu Road near Prospect Lodge. A new road will be built from there through Logloss at the Industrial Estate, to link up with the Cork road.

## Wimpey builds BMW depot

THREE jobs recently announced by George Wimpey and Co. cover work ranging from a motor car importer's distribution centre at Dover to asphaltting a couple of miles of partly filled in canal in Manchester.

For BMW Concessionaires (GB), Wimpey is to build at the Coombe Valley Industrial estate a depot to include around 18,000 square feet of workshops, 27,000 square feet of stores and 9,000 square feet of office space.

This work is being carried out by Wimpey in its capacity as the building and civil engineering member of the Industrial Development Group—a consortium of major organisations in construction and allied fields, whose combined resources provide a specialist integrated design and construction service.

The workshops and stores will be single-storey steel-framed structures with brick cladding. The office block will be a two-storey load-bearing brick block with concrete floors and light-weight roof. Parking areas for 450 cars will

also be provided on terraces in the chalk cliff.

Another contract won by the company concerns an office block for Leicester, to be built under a £300,000 order placed by Star (Great Britain) Holdings. It will provide around 35,000 square feet of lettable office space on five floors.

Incorporating reinforced concrete bases, ground beams and frame, with brick facing, the building will be equipped with air-conditioning and other services as well as having external paved areas. Architects are Porte and Partners.

The Manchester canal scheme involves Wimpey in surfacing 2½ miles of the Rochdale canal once George Dew and Co. has completed filling it in. Manchester Corporation decided to make a linear park along two miles of the canal by filling it in to within a foot or so of the surrounding ground level.

Wimpey Asphalt is laying a 2½-inch thick skin of hydraulic asphalt under its £10,000 order. G. H. Hill (Manchester) are the consulting engineers.

## Polytechnic hall of residence

MANCHESTER City Corporation has awarded a £734,000 contract to Fram Gerrard for the erection of a hall of residence for students at the Manchester Polytechnic.

The scheme comprises an 11-storey structure with basement. The lower three floors of the building form a square podium which is surmounted by an 8-storey irregular shaped tower. Construction is generally of reinforced concrete frame with brickwork cladding. Work on site has just started and is scheduled to be finished by August 1973.

Fram Gerrard has also been awarded a £48,000 contract by the North Western Electricity Board for the erection of the 33kV Hartshead (Heyrod) Substation, at Stalybridge, Cheshire.

The first phase includes the main and learners' pools, training and club rooms, a sauna suite, cafe offices and changing rooms. Architects are Scott Brownriggs and Turner; quantity surveyors are Wilson and Partners; structural engineers Kennington Little and Partners, and services consultants John F. Hurley and Partners.

## More homes in Aberdeen

THREE housing contracts awarded to Alexander Hall and Son (Builders), a member of Aberdeen Contracting Group are together worth nearly £1m.

The largest (£317,993) is for a 10-storey block of flats and another of 36 flats on the Middlefield/Fowler Avenue redevelopment scheme in Aberdeen for the City Corporation.

Another Corporation of the City of Aberdeen contract is for a 10-storey block of flats at Great Northern Road (£183,945).

The third award is for 63 houses in 10 terraced blocks at Invergordon. This is worth £231,262.

## Winchester sports centre

A SPORTS centre, due to be started at Winchester in October, is to be built either in two phases or as a single project, according to the availability of finance. The £500,000 contract for the first phase has been awarded to Hampshire Contractors, of Winchester. Sub-contractors for mechanical services and electrical services have been awarded respectively to Drake and Scull Engineering Company and Aish and Co. Completion is scheduled for 1973.

## Steel for market

MORE than 8,000 tons of reinforcing steel has been ordered from GKN (South Wales) by Sir Robert McAlpine and Sons for its £18m. new Covent Garden Market at Nine Elms, London, contract.

Most of the order is to be supplied in GKN TorBar, the cold-worked, high-yield reinforcing bar recently launched on the market. Supplies are to be spread over a period of 24 years.

## Vandalism on housing estates

BOREDOM and lack of discipline among young people which are among factors contributing to vandalism on high-rise housing estates should be countered by the encouragement of tenants' associations and by the provision of well designed children's playgrounds.

These are some of the points to emerge from a recent Building Research Station study, "Wilful Damage on Housing Estates."

Estate layout and building design, particularly the selection of materials and finishes, can reduce the amount of vandalism to a certain extent by offering greater resistance to damage and less "satisfying" targets, but these can only reinforce the efforts of psychologists, the digest suggests.

Clear visibility is obviously a deterrent so good lighting and the avoidance of hidden corners are recommended.

Unfortunately, when precautions against wilful damage are intensified there is a danger that the general appearance and amenity of the estate may suffer. To an extent estate managers are in an impossible position because if they choose more costly robust finishes and fittings they stand to lose more in the event of damage, yet they could benefit from lower maintenance costs if no damage is caused.

\*Available from SO price 5p.

## Two office jobs in Manchester

CONTRACTS for two office blocks to be built within about 100 yards of each other in Manchester for Central and District Properties have just been announced.

The larger, worth £400,000, awarded to Taylor Woodrow Construction (Midlands), calls for a nine-storey building at King Street.

Designed by Cruickshank and Seward, architects of Manchester, the building will be a rectangular 110 feet high reinforced concrete structure with York stone cladding. Its ground floor is planned as an open podium/pedestrian area.

The foundations are linked by a framework of ground beams, and a central service complex with a small basement is to be provided.

Immediately adjacent, fronting on to King Street, the former Bank of England building, which Central and District recently acquired, is undergoing modernisation. This development is understood to be worth around £1m.

Costain Construction has been awarded a £280,000 order for a 7-storey block to be put up at Chancery Place, Brown Street. Also designed by Cruickshank and Seward, the building replaces a 6-storey structure formerly housing legal offices.

## Irvine factory

WORK has just been started on the first U.K. plant of Pharr International Inc. by Brims and Co. under its first building contract from Irvine Development Corporation.

All stages of design and construction of this 6,000 sq. metre development is being handled by the turnkey division of Brims, including some sections of process work. Phase 1 of this project is worth around £300,000.

## Binnie to advise on Peru scheme

AN agreement has just been signed in Peru by the Peruvian Government appointing Binnie and Partners, of London, in association with Corpeil, a Peruvian firm of consulting engineers, as the Government's supervisory engineers for the design and construction of the \$55m. Chira-Piura irrigation project near the Pacific coast in north Peru.

At the same time, a £30m. "turn-key" contract was signed between the Government and Energoimport, a Yugoslav firm of contractors and engineers, to finance and construct the first stage of the project.

The first-stage works include a dam, 44 metres high and seven kilometres in length, to form a storage reservoir on the Chira river, and a 54 kilometres long diversion canal to transfer water from the reservoir to the Piura river. The works also include rehabilitating main drains and constructing reticulation systems in 35,000 hectares of cultivated land at the lower end of the Piura river valley to be served by the diversion canal.

Later stages of the project will include remodelling and improving the irrigation canal system in the same area. Assured irrigation supplies to a further 80,000 hectares of cultivated land in the Chira and Piura valleys will be provided in addition to the benefits lower down the Piura valley.

## Ring road contract for Higgs

MANFIELD inner ring road is to be started shortly under a £250,000 stage 1 contract awarded to Higgs and Hill Civil Engineering.

The road will start at Leeming Street (A60) and, run south-eastwards under the Mansfield-Worksop railway line to cross Rock Valley on a new 17m wide skew-span concrete bridge. The road will then go through to the Bridge Street crossroads and on to the junction of Nottingham Road and Brant Street.

Construction work includes dual 7.3m carriageways, but the southbound carriageway will widen to 9.1m on its approach to the Bridge Street crossroads. Twin box culverts will take the River Maun under the new road at Rock Valley and the Festival Gardens. The job is due to take 21 months.

## Vaccine production building

THE Wellcome Foundation has awarded a £448,000 order to Y. J. Lovell (Southern) for the erection of a vaccine production and development building at Pirbright, Surrey.

Scheduled for completion within 18 months, the 2-storey building will have a reinforced concrete frame with coloured block external cladding.

## Adding to the town centre

PLANNING approval has been given to the Nationwide Building Society for an administrative centre in Swindon.

It will be a four-storey structure designed to match the new civic hall, courts of justice and the complementary local government offices in the area of Princess Street, and Beekhampton Street.

To comply with the overall proposals for Swindon master plan, Norman Royce Hurley and Stewart, the architects, have designed the development round an internal courtyard with a pedestrian freeway giving access to a multi-storey car park for 600 vehicles flanking the same side.

The building, for which tenders are being sought, is expected to be completed in late 1973.

## What do you know



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# Investment Services

Financial Times Survey

## Wide range of expertise for pros and amateurs

By SANDY McLACHLAN

The age of the small private portfolio is passing, to be replaced by the age of the professional. This is not to say, let me hasten to add, that the intelligent amateur investor can no longer come out ahead of the field by astute judgment and a close eye on the market. But increasingly the odds are becoming stacked against him: less people want his business as rising costs make him an increasingly uneconomic proposition, and as the speed of information dispersal and appraisal increases among the professionals, it becomes increasingly difficult for the amateur to stay in the race.

Over the last few years there has been a bewildering proliferation of services available to the stock market investor, most of them geared to cater for the professional investor. Traditional investment aids live on: it is hard to imagine the famous statistical card services of Eitel and Moodies ever being entirely replaced, and inconceivable that he real basis for a lot of investment decisions would ever be anything but the personal contact, the continuing circular flow of information by word of mouth which goes to make the consensus of opinion that in the end is the market. However, the professional investor, and particularly the long-term investor, such as the pension and, can afford a more clinical and analytical approach, and the tide rule has been supplemented to an almost unbelievable degree by the computer.

The field of investment services is a wide one. It takes a stock market itself, the unit trust movement, the discretionary portfolio managers, the banks, the chartered, statistical services, and investment advisory services. The rapid changes which are taking place have an effect not only in the

manner and pattern of investment, but also on the institutions, such as the stock exchange firms, involved.

For most of its history stock-broking has been a labour intensive industry. Quite apart from the dealing side, there is an enormous back-up administrative operation required. In rough and ready terms the size of the staff in the past has been a direct function of the amount of business, and small firms had an almost equal chance with the large.

### Changing face

That this is no longer true is recognised by the steadily diminishing number of member firms by amalgamation into larger units. Partly this represents the pressure of universal overheads such as the cost of accommodation and the like, but to a greater degree probably it represents the changing face of the business, involving a greater emphasis on capital outlay.

Although there is still a surprising number of lucrative private clients around the emphasis has moved of necessity towards attracting institutional business. Over the years the larger brokers particularly have built up increasingly sophisticated research facilities, as have many of the jobbers.

A big research staff is an overhead which requires quite a chunk of business to make it pay off. And at the same time the computer is thrusting its way in on two separate fronts: on the one hand there is the mechanisation of much of the administrative operation, and on the other there is the harnessing of the analyst and the computer in tandem. Once programmed the computer can allow the analyst a very fast calculation rate and can also give him a previously undreamt of information retrieval facility.

But the keynote to exploiting these developments fully is size: size of firm, size of computer, and particularly, size of client. Many brokers will still deal with Mr. "Man-in-the-Street" in his 500 shares, but who can blame them if most of their energies are devoted to cultivating the 50,000 shares-a-time institutional business.

The results of these trends can be easily illustrated. On the one hand there is Hoare and Co. Govett prepared to offer its best clients direct access to its computer with their own terminals. On the other hand, the number of brokers firms willing to go on the stock exchange list, sent to inquiring members of the public, is shrinking.

Even the professional portfolio managers and merchant banks are being forced to raise their already substantial minimum investment sizes, and even now many of them feel that the rates charged are too low. They would prefer to raise their scale of charges and to provide a more complete financial service than simply managing a client's investment portfolio.

But the specialist portfolio managers, although managing vast sums of money on behalf of institutional and private clients, the level at which they pitch their minimum investment means a relatively small catchment area in terms of numbers of clients.

The vast majority of the investing public therefore is restricted to a few avenues of stock market investment. The small investor may be lucky and find a stockbroker who will deal for him—and he will find this easier if he lives outside London and deals through a provincial broker on one of the provincial exchanges. In London brokers may be more willing to take relatively small portfolios if they

are turned over frequently enough. However the small man cannot reasonably expect the discretionary services offered to big investors.

Leaving aside this avenue for the moment, the small investor is left with his bank manager, or a unit trust. The banks are still able to do small business because other parts of a clearing bank's operations generates much larger sized deals which are lucrative to the broker. Attempts by some brokers to cut off the small dealing from the banks will probably lead them to losing the business at the top end of the range. There are enough brokers who are prepared to accept the banks' business on this sort of swings-and-roundabouts business.

### Successful method

This leaves the unit trust movement, which has so far proved the only successful method of spreading the benefits (or otherwise) of stock market investment to the £100 a time man, giving him the full benefit of a professional investment management. But even here it is possible for the slightly larger investor to get more favourable terms from trusts which confine themselves to a smaller number of bigger investors and are therefore able to pass on to the customer the administrative saving involved.

What is now happening therefore is a rapidly changing investment scene engineered by technological and economic factors, and also by social changes. The economic factors militate against the small investor, while application of technological innovation to investment research gives the professional a greater edge since he will have access to the information so produced, and both the time and the ability to study it.

Meanwhile social changes inexorably alter the balance of investment funds in favour of the professional investor. The tax structure and death duties combine to chip away at private fortunes, and meanwhile there is a steady growth in the amount of funds in institutional hands. This trend is unlikely to be reversed, and it is easy to see the growing importance of pension funds in the future, as pension benefits at all levels of employment are gradually improved.

It would be wrong to give the impression that the small investor must vanish overnight. Certainly the small man is far better catered for in terms of personal service in this country than he would be in the U.S., where the whole process of professionalisation has gone a lot further. But there is an encouraging development has been the retail broking operation run by Merrill Lynch Pierce Fenner and Smith, the largest stockbroking firm in the world. Merrill Lynch has proved it is possible to make money on a mass of small operations.

For the institutional investor, coming through a growing mass of increasingly sophisticated investment information, the interesting question is just how much difference it will make to his investment performance in the final outcome.

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## Spreading role of the merchant banks

By MICHAEL BLANDEN

Investment management is one of the growing areas of merchant banking activity. One bank, Robert Fleming, has made its reputation particularly in this type of business, and handles funds far bigger than any of its competitors. Yet, as the big merchant banks, and most of the smaller ones, have substantial investment advisory departments, some of them dealing with hundreds of millions of pounds of funds. Many of them are actively trying to build up this aspect of their operations, and it seems certain that a growing number of people around the country will be seeking the benefits to be gained from professional management of their investments.

These expert services are not, of course, generally speaking directly available to the small man. The banks set a minimum size of the funds they are prepared to take on, and the optimum limit has been tending to rise recently as the cost of the service provided has increased.

The banks usually take a fairly flexible attitude where circumstances (for example, the prospect of a client growing richer in time) justify it. But it is just not worth their while taking on business which will not yield a reasonable return, and most set a basic fee—usually around £300—designed to include the small man. Any investor with much less than £50,000 would find it difficult to get his portfolio management accepted by a merchant bank. Even the smaller banks prefer to take nothing under around £75,000, many of the bigger ones set the limit at £100,000, and it may be even higher.

The sort of investors who go to a merchant bank for advice, therefore, includes wealthy individuals—of which there are a perhaps surprising number—and a growing number of institutional clients which are handling money on behalf of other investors. These cover virtually the whole range of institutional investors, though for obvious reasons with a substantial predominance of pension funds which do not tend to have their own advanced investment departments.

They include, for example, some big investment trust clients which use both their own expertise and merchant bank advice. Flemings, again, is exceptional in having a large slice of investment trust funds to handle as well as the bulk of the funds of the Save and Prosper unit trust group, the largest in the country. For most banks, however, the dominant institutional investor is certainly the private pension fund. It is a growing part of their business; and it is one which from some

points of view is particularly attractive to them.

One bank fund manager pointed out that the pension fund business has at least two major advantages from the bank's point of view. They pay no tax, and their investment aims are long term and relatively uniform. Moreover, a pension fund is constantly and predictably increasing in size, making it relatively simpler to undertake changes of investment

and gain considerable satisfaction out of helping a charity to make the best of its money.

Finally, the private clients. For some banks, particularly those which have only relatively recently started to build up their investment management business, this is a substantial part of their activity. For all of them, it is one which shows steady growth; through personal recommendation and through their contacts around the country, the banks find a constant flow of new private business coming their way—at times at an embarrassingly high rate—and while it can be difficult to handle the personal needs of a large number of individual clients, they welcome the growth.

One company in particular, First Investors and Savers (one of the satellites of the Vavasour financial group) is making a speciality of seeking private business, and offers to individuals with a minimum of £50,000 of funds a comprehensive personal financial and tax planning service which is not paralleled elsewhere.

The advantages which the merchant banks can claim for their investment advisory services rest, obviously enough, mainly on the quality of the investment advice they are able to provide. Whether for private individuals or for the variety of institutional investors which use their services, the attention of full time investment experts is generally more likely to produce a satisfactory return on their investments. The service, it is pointed out, is supported by the full research facilities of

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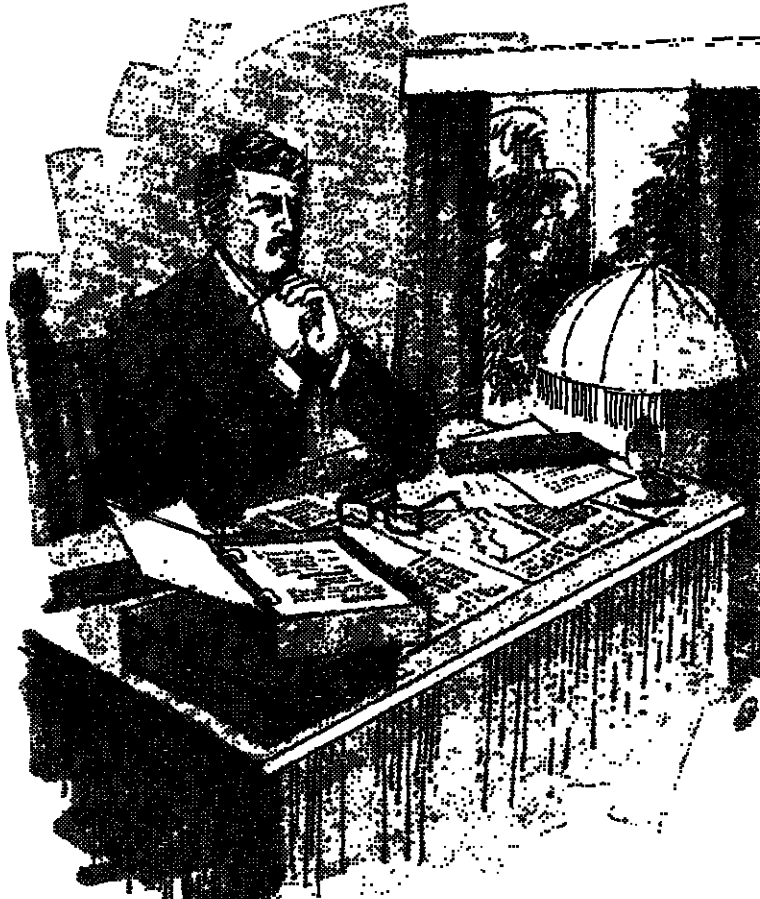
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policy by using the new funds (though at the same time, as one manager argued, requiring constant discipline to maintain a rational portfolio of investments).

Besides the pension funds, the merchant banks handle a wide range of other institutional funds. These include local authorities and all types of trust funds, for example, for charities and for educational establishments and other institutions. All of these have individual aims and problems, and many fund managers admit that they rather enjoy tackling the requirements of such opera-

Continued on next page

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## Choice of private portfolio managements

By EDWARD MYATT

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Most people with investment capital of between £25,000 and £100,000—the terms of reference here—want their own individual portfolios. Hence the need for private portfolio management. It may be provided by a stockbroker, a bank, or an investment counsellor—or by the individual himself—but somebody has to do the job. Portfolios do not manage themselves nowadays as any shareholder in Rolls-Royce will tell you.

An alternative would be to use a managed investment vehicle such as a Unit Trust. From the investment management point of view the techniques are not very different and the charges are much the same in net terms. But one is a collective service, the other an individual, and there is a large and growing demand for both.

In my view, the most important thing about private portfolio management is that it is a personal service. The attraction for the client is that he has an expert he knows and likes and can trust looking after his affairs. It is here that investment counselling differs most from unit trust management. With thousands of unitholders to look after—most of whom they have never seen and know nothing about—unit trusts cannot provide the same personal attention. After all, they will act for somebody with as little as £100.

At the outset the portfolio manager will want to know as

much as possible about a new client—age, family, occupation, investment likes and dislikes, and most important of all, how he regards his capital. In very many cases it will be thought of as a fund for "retirement" in some shape or form—something to guard the individual against all the unknown hazards of the future.

## Personal meeting

Only when the client's views are fully ascertained—preferably at a personal meeting—can a suitable policy be drawn up.

Compared with the important task of establishing, and maintaining, this initial rapport, the day-to-day portfolio management itself is a relatively simple job for a skilled manager.

In investment—as distinct from personal—terms the client's requirements will fall into one of three broad categories: growth, income or a combination of the two. A further overall division is between U.K. residents (paying the £ premium for dollar stocks) and non-residents (exempt). Finally, there are clients who pay capital gains tax, generally the U.K. residents, and those who do not, the overseas residents.

A new client's requirements would be coded on this basis and his initial portfolio analysed. Unsuitable stocks would be sold, suitable holdings endorsed or made up.

The client's portfolio and requirements would then be entered in the records, which ideally would be computerised. Thereafter a continuous watch would be kept on his investments. Necessary action would be taken on any bids, rights or capitalisation issues—or any other development affecting the securities under management. If information reaching the portfolio manager suggested that a switch was desirable, this would be made.

Over a period, clients of a particular portfolio manager with the same investment requirements and a similar taxation and domicile background would acquire basically similar portfolios. This is not a criticism but a matter of common sense.

It is quite beyond the resources of any man or organisation to keep a close watch on some ten thousand quoted U.K. securities and thousands of overseas securities. Nor is it necessary. Provided the portfolio manager can obtain an adequate spread of risk and adequate marketability for his clients, far better to know fifty investments well than have a passing interest in five hundred.

Thus organised, the portfolio manager can spend a great deal of his time studying his master portfolio and making investment decisions about the general level of stock markets and buying and selling limits. Should we go more liquid, or is this a time to be fully invested? Should we take a profit on our bank

shares? Are Shell in a buying range?

The answers are then related to the portfolios of individual clients. Which clients are fully invested—or liquid? Which clients hold bank shares? Which clients might buy Shell?

It will be seen that, in the sense that he has an interest—actual or potential—in a relatively small number of carefully chosen stocks, the private client will not be very different from a Unit Trust investor. Indeed, his portfolio will be even more selective—perhaps no more than 15 or 20 stocks as compared with 50 to several hundred in a unit trust.

## Burden lifted

Where he differs is in being relieved of all the problems of investment choice: the decisions are taken for him by the portfolio manager. In the case of a unit trust the individual must himself decide which of some three hundred trusts best suits his requirements; he cannot reasonably ask the individual trust for a view. The private client is also spared the immensely difficult and worrying business of deciding about bull and bear markets—whether he should be more or less liquid. Here again he cannot reasonably expect the unit trust—or a building society!—to advise him.

A good records and information retrieval system is the basis of sound portfolio management.

## Spreading role of the merchant banks—(Cont'd.)

Continued from previous page the banks and by their extensive U.K. and international contacts. These include, for example, the receipt of information from all the leading stockbroking firms, whose research efforts contribute to the knowledge of the merchant banks' investment departments. The banks are sometimes in a position to do share deals on an advantageous basis for clients—for example in taking up stock in placings or large lines at prices below market levels.

The banks, moreover, run their own unit trusts, whether available to the public generally or reserved for their own clients. Through these, often in specialised areas overseas or in particular market sectors, they are able to offer even the smaller client a spread of investments. In fact, the tendency is increasingly—partly in order to keep down costs—towards putting small clients into "in-house" or other trusts for this purpose.

## Client relations

In running their investment services, all the banks lay considerable stress on the importance of maintaining good relations with the client. At the same time, they emphasise the importance of their being given the greatest possible freedom to invest as they see fit. The banks do not generally insist on being given complete discretion; and for some clients, for example the bigger investment trusts which have their

own investment experts, the relationship would make full discretion inappropriate. Nevertheless, the banks will nearly always try to get as much discretion as they possibly can. Only with the freedom to make investment decisions day to day, without reference back to the client, the banks argue, can they perform as well as they should. Some will charge more where the client insists on restrictions; others point out that their investment performance will be less satisfactory.

This is, in fact, one of the main problems which the banks face in dealing with clients, whether private or the trustees, for pension funds. One manager said that very few trustees put no restraint on the bank's operations; another said that "the biggest problem is managing the trustee."

In fact, it is recognised that the relationship has to be built up on the basis of mutual trust and a detailed knowledge of a client's circumstances. For this reason, the banks try to ensure that the client meets regularly with one or two men—usually an investment manager backed by a bank director—who keep responsibility for a limited number of portfolios. At the first meetings a general policy for the fund will be set out and agreed with the client (this may, in the case of already established portfolios, sometimes demand tactful handling to persuade the client that it is necessary completely to recast the investments). And subject to general policy, to be discussed

with the client from time to time, the bank will argue that it can do best for the client by acting quickly on its own advice.

## Right timing

The banks do not claim that they will make the client's fortune overnight. They do not generally run highly speculative portfolios. What they try to do above all, using their own research facilities to back the individual judgment of the fund manager, is to spot general swings in the market and get the timing right. This means, besides picking up individual share situations, spotting the broader trends; choosing the right time to move from fixed interest into equity shares; determining when Wall Street, Tokyo or London is particularly attractive; or deciding when shares in the financial sector, for example, offer growth prospects. By identifying what one manager called the "tidal movements" in the shares, and following them aggressively, the banks reckon to do as well as they can for investors. At least, one man said, they may be able to protect the client against disastrous errors of judgment (though investment experts themselves are not immune from making mistakes on the grand scale, as some of the consequences of the Australian mining boom and bust showed).

As much as the investment advice itself, however, it is the administrative work which it is felt is of particular use to the client. Relieved of the effort of

running the portfolio, provided with full information on any portfolio changes and with regular valuations, and with other services available such as capital gains tax calculations and registration facilities, the client, whether an individual or a trust, has the administrative burden taken off his shoulders.

It is in fact the administrative services which make up the greater part of the cost of using a merchant bank's investment advisory services—as much as 30 per cent of the fees charged, one man suggested. The actual cost of the services, by for example U.S. standards, is reckoned to be low. Charges do vary from bank to bank; the accompanying graph shows a perhaps typical example, ranging down from 0.3 per cent of the value of the portfolio for the smallest clients. Some banks may ask 0.4 per cent; others may be a little cheaper.

It is one of the common anxieties expressed by the banks, however, that these rates are too low. They have already risen, at the same time as the banks have tended to increase their minimum limits in order to cut out the more expensive small portfolios. It is argued by many that they need to rise further if the standard of service, already under pressure, is not to drop.

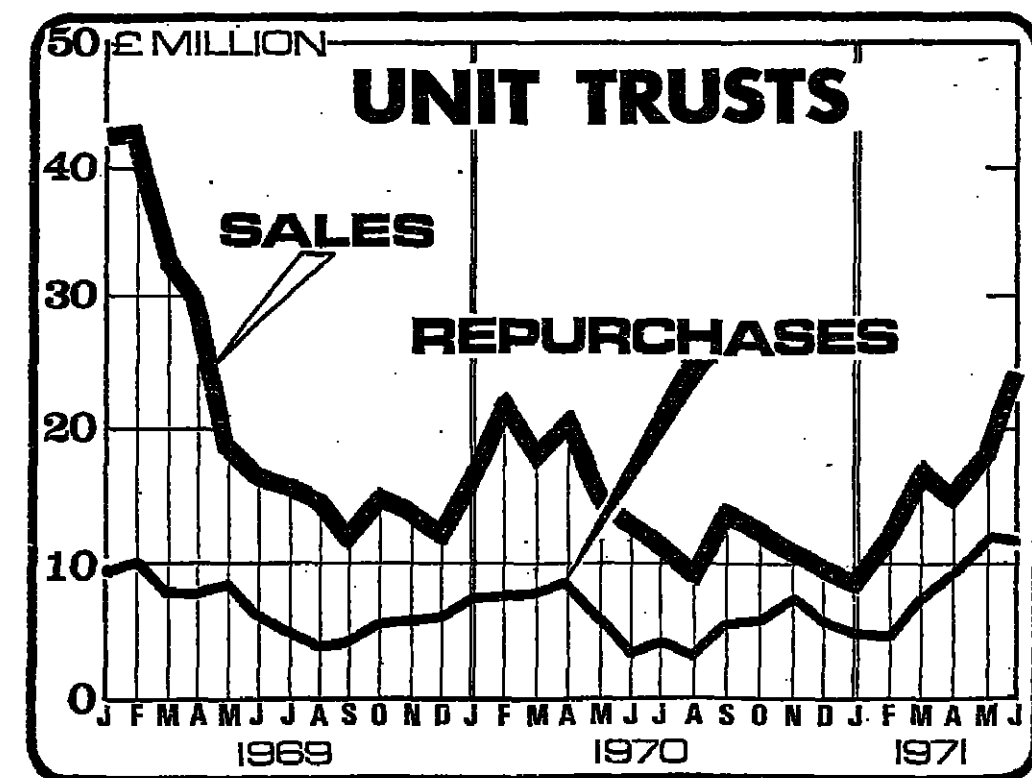
Many feel that the process should be reversed, to improve rather than reduce the services offered; but the competitive problem is a difficult one to tackle. First investors have struck out on their own: it is offering a more comprehensive service, in detailed tax and investment planning for individual investors, than most others are able to provide. But it is charging appropriate rates for the job: 1 per cent of the portfolio for the full service, with a minimum of £500 rather than the £200 which is common among the merchant banks, and 0.5 per cent, even for the unadorned investment management service.

## Possible market

At present, the banks are almost unanimously anxious to attract more investment business, as much for the advantages it confers on their own market power as for its inherent attractions. An enormous amount of money, it is argued, is still lying around the country, both in private fortunes and in pension funds, which could benefit greatly from full-time professional management. And the probable growth of pension funds, as they come to play a more important part in the general structure of wages, promises a continual addition to this possible market. As a result, it seems likely that more and more individuals will be acquiring professional investment advice, even if only indirectly through their pension expectations, which may have substantial effects on their real wealth.

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—(SEE PAGE VI)

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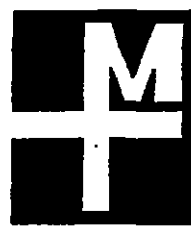
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## INVESTMENT SERVICES IV

# Stockbrokers and the size of individual deals

By KENNETH GOODING

As the services offered by stockbrokers become more and more sophisticated many of them are beginning to find the "small" investor an embarrassment. If you are wondering just how small is "small," the answer is that anyone with a portfolio worth less than £25,000 is unlikely to be a profitable proposition to some brokers if the client demands any kind of real service at all.

The situation is ironic in a way because the activities of the London Stock Exchange's publicity department and the wider Share Ownership Council are all likely to produce the kind of business which many brokers admit is loss-making. Anyone in search of a broker is advised to write to the secretary of his nearest stock exchange for help. If he writes to the London Exchange he is sent a list of six firms and asked to confine his approaches to only one of them. The list of six brokers is sent out 100 times by the Exchange and then the names on it are changed.

### Personal contact

Significantly, only about half the broking firms who are members of the London Stock Exchange allow their names to go forward on this list—the rest apparently believe that the business it brings in is small and unremunerative.

When a majority of London Stock Exchange members recently turned down the idea that brokers should be free to advertise for business, they also had in mind that this kind of advertising would mainly bring in small clients. For broking remains very much a matter of personal contact and brokers still prefer to get new business through existing clients rather than to have a phone call or letter out of the blue from a complete stranger.

In their efforts to cut down the amount of small business, some brokers have also cut their links with the clearing bank branches. Deals done through the bank branches tend to be very small to start with and then the commission on them has to be shared. However, there are no settlement problems arising from this type of business because the bank makes sure the paper work is completed in good time.

Work on the settlement of a deal is just one aspect of the broker's service which costs the same whether the client is large or small. Private clients, even those of long standing, generally have to be prompted to complete the paper work involved in share transactions, rights issues and so on, and prompting takes time.

It can be argued that, if a broker keeps a small client active so that the portfolio worth, say, £5,000 is turned over regularly then the business becomes profitable. The trouble is that this would turn an investor into a pure speculator and, in any case, the advent of capital gains tax has discouraged this kind of active dealing by individuals.

Those brokers who reluctantly take on small business—perhaps because the would-be client is the son of a long-standing customer—tend to tuck it away where it will get good servicing without costing them money. For example, one large broking firm I spoke to would, when taking on a £10,000 portfolio, suggest £2,000-£3,000 be invested in short-to-medium term gilt-edged stock so that



The new London Stock Exchange.

it was available in emergencies and that the rest be split between a couple of investment trusts and a unit trust.

Like the merchant banks, many brokers operate their own internal unit trust schemes into which the money of small clients is pooled.

### Small clients

There are brokers who specialise in taking on small clients but they also tend to lay down pretty firm guidelines before accepting the business. The brokers ask for a good deal of freedom within certain limits to act on behalf of the small client and this does away with the necessity to keep constantly in touch with the customer or the need for the client to constantly telephone the broker. That is one method by which the small client can be made a paying proposition. The small man who makes his own decisions, never asks advice and just uses the broker to deal for him is also a profitable customer.

According to one estimate, put forward by the man in charge of a broker's private clients department, one person can handle about 100 clients but if they

insist on making regular telephone calls for advice or to discuss their portfolios the most an individual broker can handle is ten clients. He argued that brokers should not water down the service to private clients by taking on too many of them and the obvious clients to cut out were those which did not bring in a profit.

This means that, if you are among those clients who have more than £25,000 to invest, you can expect a really first-class service from the broker—a service to some extent subsidised by the institutional investors looked after by the same firm. All the back-up services employed by the brokers, things like the team of analysts, the regular visits to companies and even computer programmes, can only be afforded as long as the broker has a good institutional business. But some of the results from all this research is passed on to those handling the affairs of the broker's private clients to be used for private clients' benefit.

It follows that there is intense competition among the brokers for the business of the institutional investors, the brokers do not compete with the charges they make. The Stock Exchange fixes

a minimum commission chargeable and the brokers stick to this except in exceptional circumstances. Minimum charges for small deals have been introduced—another method of discouraging the small investor—and it became quite common for brokers to put a service charge on deals done during the Australian mining share boom. The object, again, was to discourage regular clients for whom the brokers felt obliged to deal, from speculating in that volatile market.

Competition enters into the broking situation in one way through the back-up services already referred to. As the institutional investors become more knowledgeable and sophisticated, they insist on more and more information from the broker and his research team. Once upon a time the investment manager of a pension fund was only interested in reading the conclusions at the end of a broker's written survey of a particular company. To-day the fund manager has a couple of assistants who study the reasoning which leads up to the conclusions and they need to be convinced by a logical argument.

Perhaps the most important area of competition between brokers is in the actual dealing for clients. This is not just a question of getting the keenest price when buying or selling shares. It is also a matter of being the kind of broker who has a deep knowledge of several market sectors and who is in the position of having stock offered when it becomes available, sometimes in special circumstances.

### Pension funds

Like every other industry, the brokers have had to face a fast escalation in cost over the past year, or two and this makes it doubly important for them to keep turnover rising. Fortunately for the broker, his commission is paid on the value of the deal and, all things being equal, the total involved in individual deals should tend to rise in line with inflation generally.

As wages rise, pension funds in particular—because income is usually through wage-related premiums—have more cash coming in and this must be invested. In the longer term inflation should be reflected in life insurance premiums as well.

In spite of this, brokers have had to keep an eagle eye on rising costs. They have devoted a great deal of energy in ensuring that their borrowings are kept down to the lowest possible limit.

It is the problem of rising overheads—for office space, for staff and so on—which makes the London broker less likely to welcome the individual investor than a broker in the provinces. As costs are not so high, the provincial broker can afford to give more time to the

small client. Over the past five years or so the provincial stock exchanges have introduced computer-based schemes to help smooth out dealing problems and these schemes are now working well. It is no longer the case, as it appeared to be in the past, that a provincial broker almost automatically got through to the London Stock Exchange to complete his deal.

### Face to face

So it is often better for an investor living outside the London area to deal with a local broker rather than with someone in the City. Again it must be stressed broking is a personal business and both broker and client benefit from a face to face chat about the client's financial situation so that his cash for investment can be put to the use which suits his own situation best. And it is much easier for a man who lives in Leeds to have this kind of relationship with a Leeds broker than with a firm in London.

In London and the provinces the future trend, as in the past five years, will be towards bigger firms with the smaller

brokers merging to get the benefits of combining turnover and cutting costs. For the foreseeable future, however, if small broking firms specialise in one particular sector or with a wealth of knowledge about the companies in it will continue to survive and thrive.

Some brokers wonder if broking—retailing operations—might spring up, rather than the lines of Merrill Lynch, Pien Finner and Smith, the U.K. brokers who have mastered the knack of making large profit from a huge volume of small clients.

Such an operation seems unlikely to come into being while the existing settlement procedures—with all the attendant paper work involved—continue to provide a natural barrier. It was bottlenecks in these procedures which was the major cause of London brokers J. H. Scrimgeour putting out of the provinces after setting up what were virtual branch offices.

A broker summed up the problem this way: "Getting the paper work done in time is difficult and it becomes more difficult as the volume grows

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Stockbrokers who are members of Stock Exchanges outside London have several advantages over their colleagues who work in and around Threadneedle Street. Their rents and other overheads are much lower, they are able to give on the spot personal service and advice to clients, and they have close knowledge of how local companies are faring. They always have competition on the doorstep and are rarely very far from their clients. Several are on the boards of public companies and therefore at close grips with what is going on in industry.

In addition, because of the buying and selling orders that they send to London they are regularly supplied with the output of London's investment research departments. But this is not the only reason, because London and provincial brokers can be helpful to each other in flotations of companies in which there is both national and local interest, in placing large lines of shares of these and other companies, and because every London broker worth his salt will obtain local opinions of local companies. For example, Manchester brokers have always been in extremely close touch with the textile industry, Liverpool has a long history of sound knowledge of insurance shares and, of course, Birmingham brokers are surrounded by the motor industry, its components suppliers and a whole range of engineering firms.

The flow of investment research information is therefore by no means a one-way traffic,

because provincial brokers are as assiduous in their research into companies (even outside their areas) as member firms of the London Stock Exchange.

### Enormous strides

This research has made enormous strides in recent years, and it is very costly. In consequence, and with the average cost of carrying out a bargain in London reckoned to be around £5 (representing an investment of £400 in shares), London's major research has been geared to the requirements of the large investors who by the size of their orders can make the research worthwhile—the insurance companies, investment trusts, unit trusts, pensions funds and so on.

Naturally, this research department work is available to those partners and employees advising private clients, but in depth analyses are so expensive to prepare and print that they cannot be circulated to everyone. It hardly needs saying that the leading provincial brokers have not been left behind, for the facilities for in-depth research are as great for them as they are for London brokers. It is a fact, too, that there is inter-city and inter-town co-operation in, and exchange of, research information. Every broker in the country can subscribe to the statistical services of Exchange Telegraph and Moodies, which give really comprehensive information on public companies not only at home but in the U.S., South Africa and Australia.

Because of the big rise in

overheads in recent years, in part attributable to the research and service effort for institutional investors, some London stock-broking firms are not too keen on dealing for investors of moderate means and some have even refused to continue to do business for provincial brokers as much of it consists of small orders.

The result has been that the provincial brokers have increasingly dealt on their own markets or in other provincial centres, that a lot of business has bypassed the London Stock Exchange. They have been put on their mettle, and just as London has improved its service to institutional clients so have provincial brokers improved their service to private clients.

It is worth recalling what has happened in the past ten years in order to appreciate what may happen in the next ten. The Federation of Stock Exchanges in Great Britain and Ireland was conceived in the early 'sixties and the prospectus was published on April 29, 1965. The basic thinking was to bring the stock exchanges closer together in the course of time, to establish a base for future collaboration which would produce a better service for investors, and to create a united stock exchange.

That last goal has still not been attained, partly because the London Stock Exchange is still wrestling with the huge problem of a unified bargains settlement system—the original proposals in the Hearn report

Continued on next page.



## INVESTMENT SERVICES V

# Growing abundance of statistical information

By NICHOLAS LESLIE

The analyst investment man and others cannot reasonably claim that a shortage exists of data covering the financial, economic, domestic and political scenes. What the analyst, etc., may have, however, is a headache when he wants to put his finger on a particular item of data.

This is where the statistical services step in. They exist, and have done so for over 100 years, to provide and to process masses of data and in the course of their development have ended to specialise in particular fields.

This is not surprising. To be able to offer what could be described as a complete range of statistical services has only approached being a possibility with the advent of the computer. And even computer-oriented services have still come way to go with the possibilities they present.

Nonetheless, whatever the sophistication the computer brings, two of the earlier statistical services still provide invaluable information for the stockbroker, merchant bank, investment or unit trust, financial Press and others.

They are the financial wires and the statistical card indices, the former of which have been operating from around the middle-to-latter part of the 19th century. Financial wires are operated by Reuters, Exchange Telegraph Company and AP-Dow Jones and all three are household names among those in the City or those who have any connection with it.

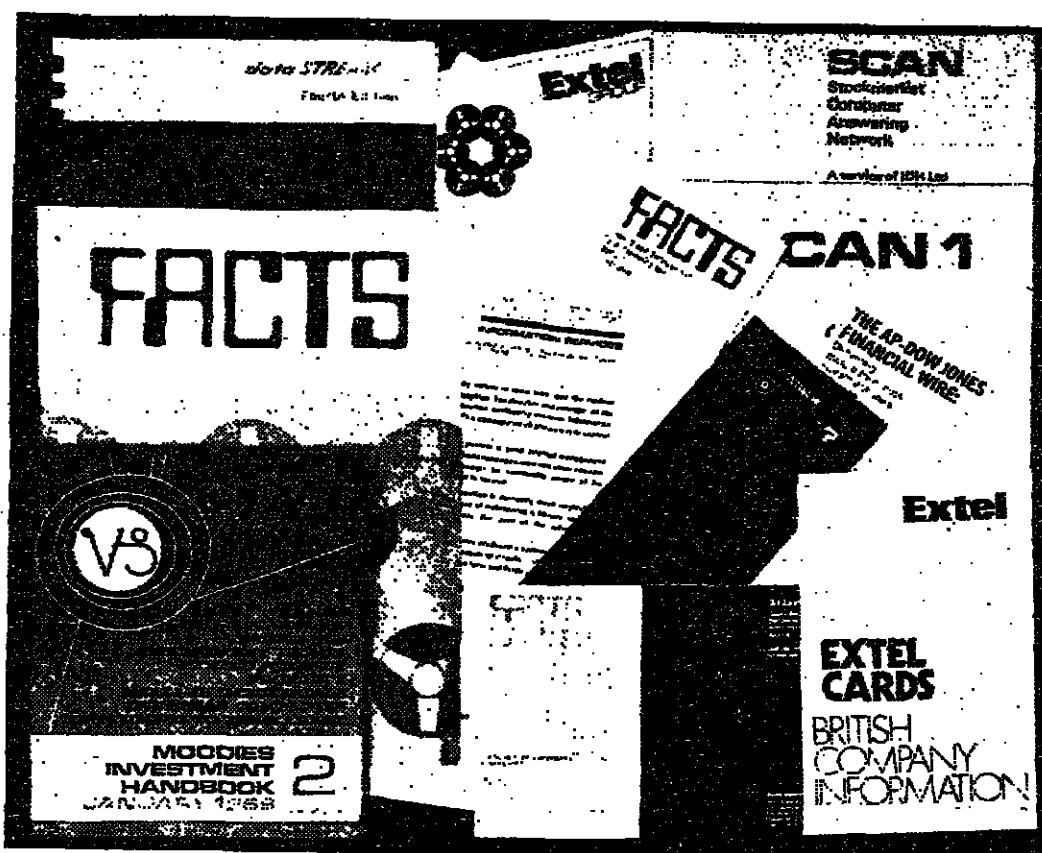
### Financial data

Reuters and Extel work together to give international coverage of financial news and data, the former covering overseas countries and Extel the U.K. In addition, Extel has the exclusive contract to transmit to subscribers share prices from the London Stock Exchange.

Another example, other than share prices, of data continuously transmitted is the changes in metal prices. Many of the dealers throughout the U.K. are subscribers to such a service and when it is remembered that knowing the movement of metal prices at all times can be the difference between a profit or a loss, then the value of such a service can be appreciated.

AP-Dow Jones is an investment-oriented international news service. It is the combined operation of Associated Press and Dow Jones, the U.S. concern which publishes the Wall Street Journal. Running for 19 hours a day, AP-Dow Jones relays to Europe the same Wall Street ticker service as is transmitted throughout the U.S.

Moving on to the card indices, these are presented with a back-up of the financial wires. Because when the latest news comes over of a particular company, such as profit results, this can be studied in relation to a fairly complete history of the company which the card provides. The cards contain details of a company's capital structure, assets, liabilities, profits or losses going back a number of years and a précis of the latest news from the company itself. Extel Statistical Services began



Examples of the growing number of statistical services now available.

its card index about 50 years ago covering only U.K. companies. It has since progressed to cover European, American, Japanese and other overseas companies, as well as publishing specialised statistical books.

Moodies, a U.S.-based concern, has its own card index, which, while similar to Extel, has its differences. A newcomer to the scene is Ex-TRACT Information Services, which incorporates informed comments on the investment potential of companies and which is also just about to launch a new card index setting out the major shareholders in several hundred of the major U.K. companies.

Thus, through the financial wires, card indices and various publications it can be seen that a host of statistical information can be made available. In time saving alone this must be of benefit to any research programme.

Computers, however, open up a whole new dimension for statistical services. Not only do they further speed up the provision of basic data, but they also will eventually enable the user to assess the investment potential of companies and business sectors in the light of Government socio-economic, financial and other statistics and to calculate and evaluate almost any number of variables.

This can, of course, already be done, but in a fairly labourious way. And the computer-oriented service means a far greater number of individuals or institutions may make their own assessments at greater speed and with the computer doing all the time-consuming and costly calculations.

At present the heady heights have not been reached. One of the first computerised services, International Data Highways SCAN system, was set up around five years ago to provide a data bank of share prices and to undertake portfolio valuations.

Others have since entered the field, such as Centrefile, a National Westminster Bank operation. Centrefile also has another service for stockbrokers whereby computer print-outs are done of share dealing transactions.

Moving on, and with subscribers to the various systems being able to plug in to visual display units, typewriter terminals and graph plotters, there are services which provide masses of data on equities, loan stocks, and debentures and enable assessments to be made of their absolute and relative values in terms of the whole market and sectors of it.

This means, for instance, that if an investment trust or unit fund manager wishes to know how many and which equity stocks fall between given parameters he may merely "ask" the computer and get back his answer within seconds.

Then again, a company can be isolated and its profits performance and assets progress be determined along with earnings, yields, and price earnings ratios either on latest available data or on the subscriber's own forecasts.

### Initial moves

Brokers Hoare and Co. Govett have their own system called DataStream, set up about three years. This service is provided exclusively for their own clients and has been designed so that the subscriber can use basic data on which to make his assessment or use also additional data programmed by Hoare and Co. Govett as a result of its own research effort. At present, there is no facility for the subscriber to write his own programme into the computer but this is to come. In addition, initial moves are being made towards the day when forecasts on different sectors of the mar-

ket will be able to be made in the light of economic, financial, political and other factors and in relation to total gross national income and expenditure.

In view of the fact that the Hoare and Co. Govett system is in relative infancy and is still largely used as a data bank rather than a research and calculating unit, the potential appears enormous.

### Option costs

Inter Bond Services is another of the recently born computer-oriented services. This also covers the various Government and other stocks, debentures and loans, giving buy and sell yields, option costs, income differentials and statistical and performance analyses. The range and variables are again immense and with this service, called FACTS, any person or institution may become a subscriber.

The FACTS system is linked to TTT Services and this in turn is linked to an international computer network. For share prices, the Financial Times Actuaries Index is used, the index and other information being provided by Extel Communications through FOCUS (Financially Oriented Computer Updating Service).

In outlining the capabilities of computers as the integral part of a statistical service it is possible really only to touch the tip of the iceberg since programs available from one service on, say, just equities would be a story in itself. But it would be fair to say that even the current capabilities are really just the beginning.

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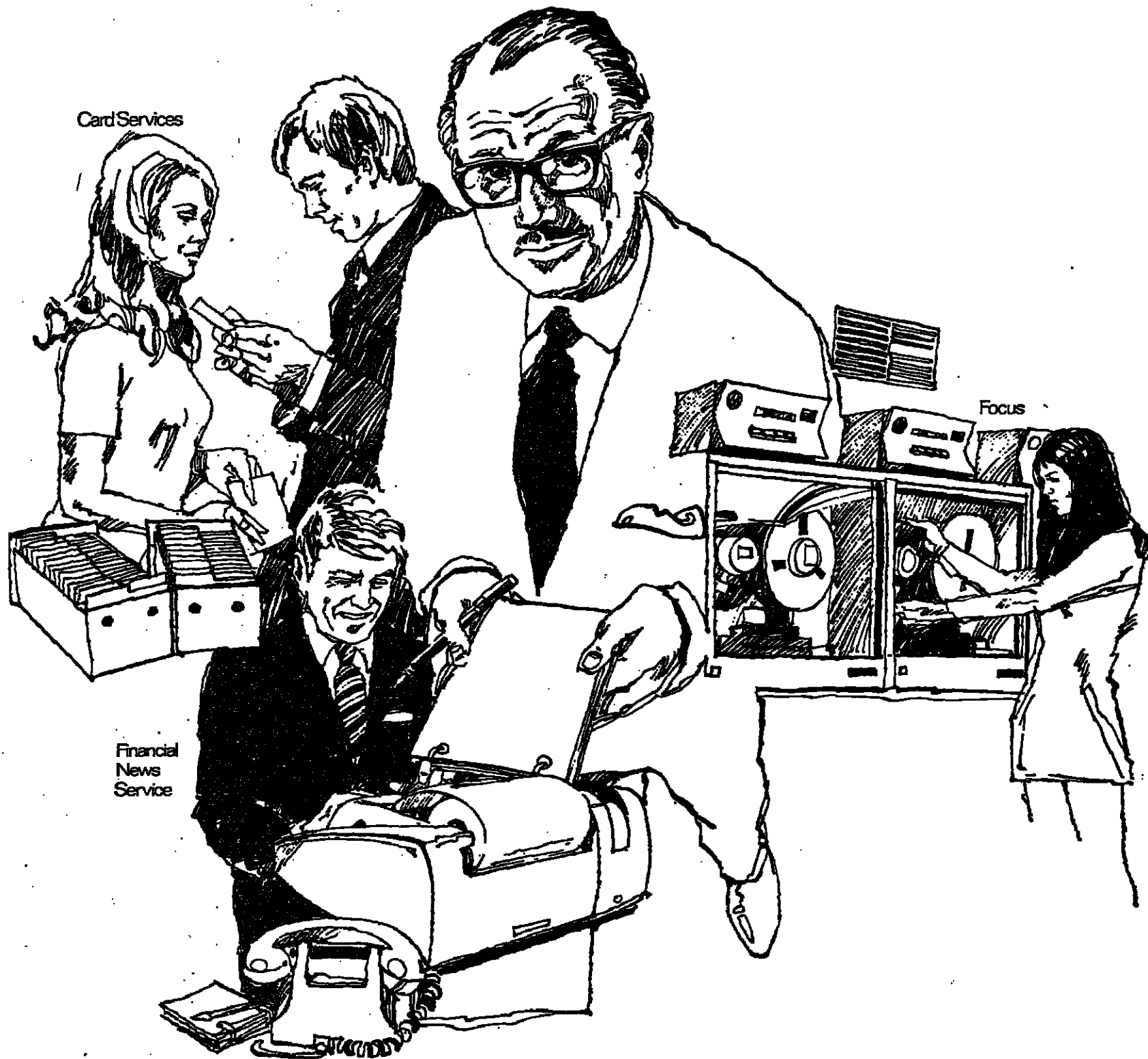
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## Provinces— (Cont'd.)

continued from previous page  
year for a continuous, running settlement were shot down in flames—and partly because of related computer problems. Until these are solved there can be no apportionment of the costs of running a united stock exchange.

However, there has already been considerable integration in the provinces. In 1964 the four Scottish stock exchanges amalgamated, in 1965 the Northern Stock Exchange (taking in Manchester, Liverpool, Sheffield, Leeds, Newcastle, Huddersfield and Oldham) was formed, and towards the end of 1966 the Midlands and Western Exchange (taking in Birmingham, Bristol, Cardiff, Nottingham and Swansea). In March last plans were announced for the setting up of a new Irish Stock Exchange to replace the existing system of three separate bourses for Dublin, Cork and provincial brokers. Trading continues on the stock exchange floors in Dublin and Cork.

Also included in Federation besides these are the members of the Provincial Brokers Stock Exchange, who provide a valuable service in 110 towns throughout Great Britain and

Ireland, the Channel Islands and the Isle of Man.

As is the case in London, there have been many mergers of stockbroking firms in the provinces and the rapid disappearance of single-partner firms over the past decade. All have been an effort to reduce costs and provide satisfactory service to clients.

Brokers in the provinces transact business one with the other if they can deal to better advantage for clients than in London, and the birth of the idea of Federation brought them much closer together.

### Restricted range

One of the obstacles to Federation, which is certainly not insurmountable, is that members of 18 Federation Exchanges, including London, may not open branches within 25 miles of another exchange. (There is a similar restriction in Scotland.) This precludes London brokers from opening up in densely populated provincial areas.

Another not insurmountable obstacle is that provincial brokers are not permitted to deal direct with jobbers on the London Stock Exchange, but

only through a London stockbroker. The general opinion in the country seems to be that the simultaneous removal of these restrictions would be acceptable.

In the longer run it is not unlikely that if provincial brokers are allowed direct access to the London market they will, either separately or collectively, open up London offices employing staffs to carry out buying and selling orders and initiate the necessary paper work. Their dealers would be able to check on market information and rumours, improve the efficiency of handling the vast amount of paper that is part and parcel of every account, and so help towards a better service for investors all over the country.

Before that, however, an acceptable new dealing system has to be worked out, and there is a massive computer problem of marrying buying and selling bargains. Scotland claims to be on top of its own computer, but differing stories are heard from the Northern and Midlands and Western Exchanges. Slowly but surely a national stock exchange is taking shape, and it must be for the public good.



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## INVESTMENT SERVICES VI

# Ease of access in unit trusts

By KEITH LEWIS

Unit trusts have for many years been the easiest way for the average person to invest in equities. And the service offered by the groups has naturally improved quite considerably since the movement's earliest days in the 1930s. Originally, unit trusts were quite inflexible affairs, sometimes even restricted to investing in specific shares.

To-day there are something like 280 authorised trusts, each having the freedom to invest in whatever the managers find suitable for any particular fund—though, of course, there are still the trustees to watch over the proceedings. There are trusts to satisfy almost every requirement: capital growth, income or a mixture of both. There are those specialising in Japan, Europe, North America and Australia. And there are others concentrating in sectors of the U.K. market such as Financials (bank and insurance shares, for example), Plantations (rubber, tea and sugar companies), Properties and Mining. Charities and pension funds are also catered for with tax exempt trusts in either equities or property.

For people prepared to invest a fair size sum in one trust (£2,000, for example) there are funds that offer extra low management charges. Groups like Schroder Wagg, Tyndall and Hill Samuel come into this category.

### Record funds

Even though the unit trust industry is at present going through something of a difficult phase, with redemptions running at unprecedented levels, the funds under management are also standing at a record of £1,888m. There were 2.36m. unit holder accounts at the end of June, and the average holding £713.

But basically all unit trusts set out to do the same thing—take the effort out of investing in ordinary shares for the individual who has neither the skill nor the time to select shares for himself. They also offer a wide spread of equities, which the individual would not normally be able to afford and which help reduce the downside risk if one share falters. An added advantage is that units can be bought direct from the manage-

ment company, unlike an orthodox share investment where a broker has to be used.

There are some minor tax disadvantages, however, that are worth spelling out. The removal of capital gains tax on disposals under £500 per annum in the last Budget effectively makes direct share investment technically more attractive. Furthermore, for the smaller investor, allowances can reduce the actual gains tax liability to about 21 per cent, whereas through a unit trust there is a common 30 per cent rate. It is hoped, however, that these anomalies will be removed in the near future.

Nevertheless, there are numerous other reasons for using unit trusts. For example, reports are sent out every half year to unit holders, giving details of the shares in the portfolio, the dividends received and paid (assuming it is not an accumulator fund), the Board's views as regards market conditions and the management accounts at the end of the period. Certificates are sent out stating the capital gains tax paid by the fund on behalf of the unit holder.

Elsewhere in this survey (Page VII) the question of protection of shareholders is examined as an important part of the investment package served up to shareholders. This article looks more closely at situations where shareholders have attempted to help themselves, with varying degrees of success.

# When shareholders act for themselves

By MICHAEL BLANDEN and SANDY McLACHLAN

Few shareholders are in the lucky position of Mr. Maxwell Joseph and Mr. Donald Forrester, two Cunard shareholders who over the past week or so have spent several hundred thousand pounds of their own money buying Cunard shares in an attempt to block a take-over bid which they feel is too low. True, Mr. Joseph and Mr. Forrester are also on the Cunard Board, but in this exercise they are acting in their capacity as private shareholders.

In fact, take-over bids represent the situation where the shareholder is, potentially at least, in his strongest position. More often than not shareholders will vote with the Board, but frequently both private and institutional shareholders reject the advice of the directors, and a number of contested bids are successful.

There are two other broad categories where shareholders may try to take concerted action to influence their Boards of directors. The first is where a company has a history of bad or at least unsuccessful management: usually the record has to be abysmal to force shareholders into action.

The third, even broader, category is where shareholders feel that their rights are being infringed in some form or other. This can cover a multitude of situations.

In this review we are not concerned with the forms of legal redress which shareholders can seek. Rather it is a question of how much can institutional or private ginger groups achieve by bringing pressure on the board of directors through their own efforts.

### Determined groups

Concentrating for the moment on takeover bids, there have been one or two occasions where determined groups of shareholders have altered the course of events. Perhaps the most interesting was the drawn-out affair at Raglan Property Trust. Having defeated a bid from Alliance Property Holdings in 1968 the Raglan Board announced an agreed bid from Greenoat Properties early in 1970 at a price valuing Raglan shares at 1s. 6d.—or below the then prevailing market price of 1s. 7½d.

This aroused the displeasure of a Poole property developer, Mr. James Rowland-Jones, who had already had previous success in the ginger group game as a shareholder in Retia Phoenix back in 1968.

Mr. Rowland-Jones rallied small shareholders to oppose the Greenoat offer, and then the position was further confused by a second bid from Alliance. With massive proxy support Rowland-Jones defeated both offers, and then had himself elected to the Board. He even persuaded the retiring directors to end their service contracts

without asking for compensation.

Shareholders are seldom as dramatically successful as this in their efforts, and Rowland-Jones' experience at Retia Phoenix is also interesting. Himself a holder of 200,000 shares, Rowland-Jones organised the support of a total of 2½m. shares—30 per cent of the equity—against the bid from E. Alec Colman. The bid went unconditional but the rebels hung on, and were eventually bought out at a higher price.

### Improved offer

It is not often that being a minority shareholder pays off. But as Retia Phoenix shows it can happen, and Lombard Banking is another case. Here it was institutional opposition to the terms offered by National Westminster Bank for the Lombard convertible. The offer for the ordinary shares went through, but the institutions stuck out against NatWest, becoming in effect minority shareholders. Within a few months NatWest reconsidered its position and made a new, and improved, offer for the convertible.

In fact, it is nearly always the case that ginger groups are doomed to achieve very little unless they have institutional backing. However, sometimes it happens that the institutions will take up a case first put by a group of small shareholders.

The best recent example of this is at Baines, where small shareholders decided to oppose the Board's proposals to put the company into voluntary liquidation. Immediately prior to the meeting the rebel shareholders reckoned that they could count on the support of a quarter of the equity, but it was last-minute support from institutional shareholders which finally ensured defeat for the voluntary liquidation proposals at the meeting.

The power of the institutions when they act in concert is undisputed. For example in the Pergamon Press situation an institutional third force was able to hold the balance of power between the warring factions of Leasco's Mr. Saul Steinberg and Mr. Robert Maxwell.

The institutions are in a better position than the small shareholder to act in cases where they feel that management changes are necessary for one reason or another. The best example here is the appointment of a new chief executive to Vickers after talks on management between the company and institutions led by Prudential Assurance and merchant bankers Hill Samuel. Also there is no secret that the institutions played a part in the announcement of Sir Charles Hardie's decision to retire at Metropolitan Estate and Property Corporation. These sort of successes

achieved by the institutions are in contrast to the lack of results which the ginger group of private shareholders have been able to achieve at Woolworth. Equally, the well-organised revolt against the Cunard Board back in 1967 when a group of rebel shareholders wanted distribution of the cash realised on the sale of Cunard's interest in BOAC instead of a ploughing back into the then proposed QE2, achieved little in the end.

Perhaps the most dramatic involvement of institutional investors in recent times was in the much publicised Mersey Docks affair. Objecting violently to a write-down of capital proposed by the Mersey Docks and Harbour Board the institutions stepped firmly down into the public arena, and some even went as far as the courts. The situation at Mersey was so bad that there was a limited amount which they could achieve. But they made their point, salvaged as much as they could from the situation, and at the end of the day felt that they had made the best of a bad job.

The relative weakness of shareholders to influence the Boards of the companies they own has been the subject of debate for some considerable time. Besides frequent academic discussion of the issue, a number of practical suggestions have been put forward to strengthen their arms.

### Precise proposals

The proposals put forward at various times by Sir Branston Rhyll Williams in Parliament for changes in company law have been designed precisely to achieve this purpose. Again, Mr. Charles Villiers, merchant banker and former chairman of the Industrial Reorganisation Corporation, has recently suggested specific arrangements which, he argued, would provide a way for shareholders to bring pressure on their Board.

He proposed using the position of the non-executive director, at present holding a rather ill-defined status, for this purpose. Particularly, he argued that such directors should have clearly defined duties which would include reporting to the shareholders on certain specified matters.

He went further than this, by suggesting the separate establishment of an "ombudsman" for investors, who would act as the channel and focal point for their complaints and, with his own small staff, would be in a position to influence Boards of directors on shareholders' behalf. Whether such a rallying point will be established in this form remains to be seen. But it appears that the general idea strikes a chord in at least some sections of the City.

Even major institutional shareholders, when they feel the need to take positive action, are

It would be wrong to suggest that managers were in the business for anything other than the money, but nevertheless the scale of charges has remained fixed despite inevitable rising costs. Management groups are allowed by the Department of Trade and Industry to deduct a maximum of 13½ per cent. over 20 years. This is usually made up of an initial charge, incorporated in the bid and other prices (that is, selling and buying prices), and an annual service fee taken from the fund.

Most of the unit prices are calculated daily but in some cases there are weekly, fortnightly or even monthly valuations only. In such cases, concessions are usually made to unit holders in the form of lower management charges owing to the saving in administration costs. But normally the list of prices is updated daily—usually by a stockbroker—and passed to the group itself which then adjusts for stamp duty, stockbrokers fees and rounding up charges. The prices are then communicated to the Press.

### Closely policed

Naturally enough with 260 funds in the market vying for attention, competition is rather intense and therefore advertising material is very closely policed. This job is usually undertaken by the trustee (often a clearing bank or large life assurance group) and, if the group is a member of the Association of Unit Trust Managers, it is checked again for both factual errors and misleading claims. There have been cases where promotional material has been rejected.

Competition is invariably a healthy thing but with the public's growing awareness of performance and performance tables some groups have been

tempted to aim for "instant performance." In other words, some investments have been made in high risk/reward companies and subsequently have come badly unstuck. It is up to unit holders to put the use of "league tables" in perspective, but there is no doubt that the pre-occupation with investment performance, has, in some cases, worked against the holder's interests.

An extension of the misuse of statistics is seen in how the public, historically, tends to follow the market rather than try to anticipate it. True, the managers themselves tend to advertise much more when the market is rising (or has risen) and this results in unit holders buying at the top of the market and later becoming disillusioned when conditions turn sour. It could be argued in this respect that unit trusts perform a disservice to the public.

However, there is more than one way to invest in a unit trust. And the increasingly popular method is through a life assurance policy. Premiums are allowable for income-tax relief and one of the worst problems of all—the timing of an equity investment—disappears. It works out that when the market has taken a fall the regular premium simply buys more units and, of course, the converse is true when shares are on the upturn. The levelling out effect of a regular savings plan is called "pound-cost-averaging."

Most groups also offer children's gift plans. The attractions of these were trimmed back in the 1969 Budget when the Chancellor announced that all the investment income accruing to a child had to be aggregated with that of the parents for tax assessment. However, the present Government has seen fit to revoke this ruling and a direct purchase can now be made in a child's name, if over fourteen years of

age, or in the parent's name for those under.

Alternatively, trusts can be set up on behalf of a child and can be added to at will. The sort of trust has certain estate duty advantages, though it is well to remember that they are irrevocable and that it has to be established that any money taken out of the fund (even if the parent appoints himself trustee) is strictly for the child's benefit.

### Linked pension

Another variation on the unit trust theme is the linked pension. These schemes also received something of a fillip in the last Budget when it was announced that the ceiling on premiums qualifying for tax relief had been raised from 1 per cent. of relevant annual earnings (up to a maximum of £750) to 15 per cent. (up to a maximum of £1,500). There are a limited number of group operating in this field, among them M and G, Tyndall, Sav and Prosper, Schroder Wagg and Target.

In conclusion, it is wise to remember that unit trust should not be regarded as a way to make a fast profit. Quite often one year's winners get the wooden spoon the following year. While it is possible to job in and out of trusts in the same way as shares, it is quite expensive, and it cannot be stressed too often that the minimum view for a unit trust investment should be three years—probably more like five to be really sensible.

Last year, for example, turned out to be a good year for income trusts—the top fund was Slate Walker High Income. But so far in 1971, with the upturn in the market, capital growth funds are again coming to the fore. To obtain the best service from a unit trust one should head for those with staying power rather than those with one good year behind them.

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INVESTMENT SERVICES VII

# Safeguards for investors on all sides

By SANDY McLACHLAN

This survey has helped to highlight the growing range of the services and advisory sources open to the investor. There is one aspect which, however, has not been touched upon, and that is the question of safeguarding the investor. Although not an investment service in the sense of a buy or sell recommendation, protection of the investor is a fundamental part of the package deal. It is also a highly emotive subject on which there has been a great deal of muddled thinking.

The basic legal framework controlling the actions of companies is enshrined in the Companies Acts of 1948 and 1967. The two Acts cover a formidable range of subjects, and ensure a substantial amount of disclosure of information by boards of directors to their shareholders. On the face of it, they give the Department of Trade and Industry wide powers to police the activities of the company sector.

Together with other legislation they form a wide, and frequently strict code of conduct for public companies in general, banks, insurance companies (to some extent), unit trusts and other investment media such as pension funds.

There are other safeguards for the investor. The City itself has set up the takeover panel to regulate the field of bids and mergers in order to cut out the worst cases of abuse of director's powers. On another plane the Stock Exchange keeps a firm hand on its members, and runs a compensation fund to ensure that in the rare instances of default there is no loss to members of the public.

## More willing

On top of this the small investor is getting an increasing amount of help from the institutional investor—so far not nearly enough, but gradually the institutions are becoming more willing to act in concert in unsatisfactory situations. They are best placed to make the myth of equity shareholder

control a reality, and when they pool their substantial voting weight they can often do so. All these separate bodies give shareholders a wide variety of safeguards, some legal and some less official. The legal protection is the backbone of the system and has two main aims: the prevention of fraud and the furnishing of shareholders with all the information they can reasonably expect concerning the companies of which they are in fact the owners.

Having said this, however, it is of paramount importance to remember that one of the basic principles of British common law is caveat emptor—let the buyer beware.

The 1967 Companies Act introduced many improvements in company law, and blocked up a number of loopholes which had become evident from the workings of the 1948 Act. One of the major innovations under the 1967 Act was the granting of powers to the then Board of Trade to go into companies and have a preliminary look at the

books without any publicity being given to the fact.

The powers of inspection under the 1948 Act had included the provision that the appointment of Board of Trade inspectors should be publicly announced, and this had an inhibiting effect on their use: the BoT was reluctant to take such a step, which would inevitably have gravely adverse effects on the image of any company to whom inspectors were appointed, unless it was really certain that the situation inside the company was serious.

## The whole hog

The 1967 Act allows the DTI, as it now is, much greater flexibility. If, after a quiet look round by inspectors appointed under the later Act, there is still a prima facie case that the company is either insolvent or is being run in a fraudulent manner, the DTI can then go the whole hog and have a really thorough and publicly announced investigation under the 1948 Act.

The DTI makes substantial use of its investigation powers under Section 109 of the 1967 Act, although in most cases its investigation never comes to light. However, the DTI has stern critics who contend that it does not do nearly enough for the protection of shareholders.

It is this point which tends to get feelings running high, and the disagreement stems from different interpretations of the law. Critics of the DTI say that the Companies Acts make the DTI the shareholders' watchdog; the DTI, by and large, do not agree.

The gist of the DTI argument is that it is a Government department using public money, and that as such its brief does not include incurring expenditure to reduce the risk inherent in buying an Ordinary share. In the view of the DTI its actions should be limited to interference only when there is a case for criminal proceedings, or where a company is insolvent. In any other situation, the DTI

Continued on next page

# Technical analysts will play a greater part

by ERIC SHORT

In choosing an investment there are two basic decisions to be made. The first is what to buy, the second is when to buy. Two methods of security analysis now dominate the investment scene. The first and most familiar is known as fundamental analysis which concentrates on assessing the value of a investment. The second and less well-known is technical analysis, often popularly referred to as "chartism." This concentrates on the price structure of the investment.

technical analyst uses? Briefly, they are charts showing the price movements of a particular investment or series of investments. The main part of the technical analysis work is connected with the movement in price of quoted ordinary shares, although the basic methods can be and often are extended to other forms of investment such as commodities. The rest of this article will concentrate on the technical analysis of equities.

There are three main types of chart used by the technical analyst. The first is the line chart, on which the daily price of the share is plotted and the points joined by a line. The Industrial Ordinary Share Index is often shown in the Financial Times by such a chart. The second is a bar chart which shows the high and low price for the day by means of a vertical line, with a small mark to indicate the closing price.

The third type of chart used is the point and figure chart. This shows price movements as a series of "x" and "o" on the chart. Such charts are quite complicated to construct, and are the least understood by the uninitiated. However, they do show much more information than the other charts and are most used by the technical analyst.

## Past behaviour

How does the technical analyst use these tools? By studying the past behaviour of the share price, he forecasts what the future movement in that price is likely to be and from that forecast makes the decision

to buy, sell, hold or wait. It would take too much space to describe, even briefly, the various technical formations and patterns that can occur on these charts and the significance of them. However, an understanding of the basic mechanisms of the stock market helps to show the line of reasoning taken by the analyst.

The price of a share is that at which a buyer and a seller can be matched. If the buyers are strong in the market, the share price will rise. If, on the other hand, buyers are reluctant to enter the market and there is selling pressure the price will fall. This is simply the effect of the law of supply and demand. However, there will be a reaction to such movements that can usually be predicted and this is where the technical analyst comes in.

This is just a simple example. The mechanics of the working of the Stock Market are as complex and varied as the personalities of the buyers and sellers which form the market. Yet the net result of the actions and interactions of these buyers and sellers is indicated by the price movements of the shares in that market and a skilled technical analyst will spot changes in trends before they are obvious to everyone. It must be remembered that if a major change is taking place in a company's fortunes, the price of that company's share will always give warning and consequently a forecast of the future movement in that share price can be made.

The technical analyst does not base his predictions on one price chart only. The work of the "random walk" theorists has cast doubt on many of the assumptions of such automatic chartism, although it has in no way demolished the validity of technical aids to investment. For instance, while the share chart remains the analyst's most important tool, he will ignore the overall market trend at his peril. He must also study the trends of specific groups. A glance at the performance of the FT-Actuaries Share Indices over the current year shows just how varied this is.

Technical analysis has been

much slower to develop in the U.K. compared with development in the U.S. Analysts in the U.S. have access to much more detailed information from stock exchanges, such as complete figures of turnover and the daily dealings of shares in chronological order. The analysts in the U.K. are developing their techniques with more emphasis on price and less on turnover and are on a par with their American counterparts in techniques.

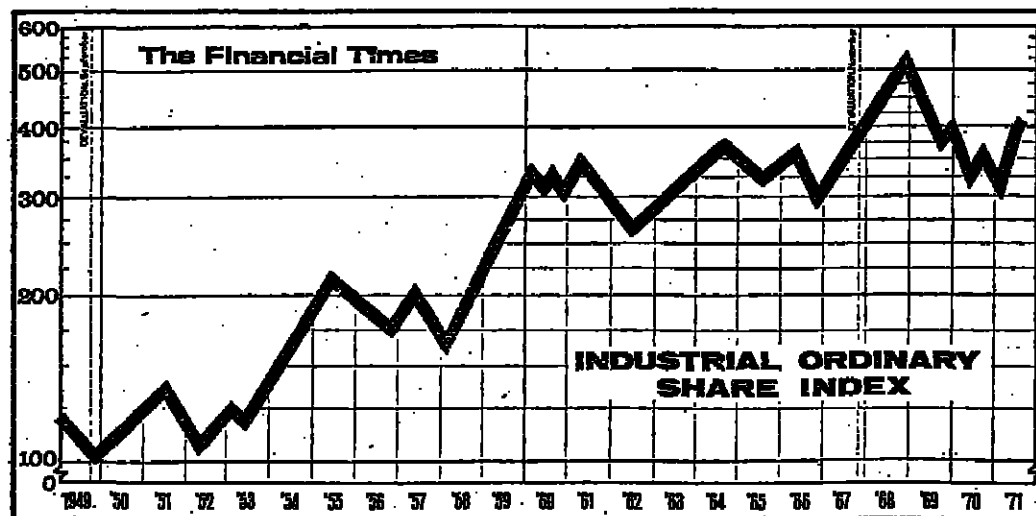
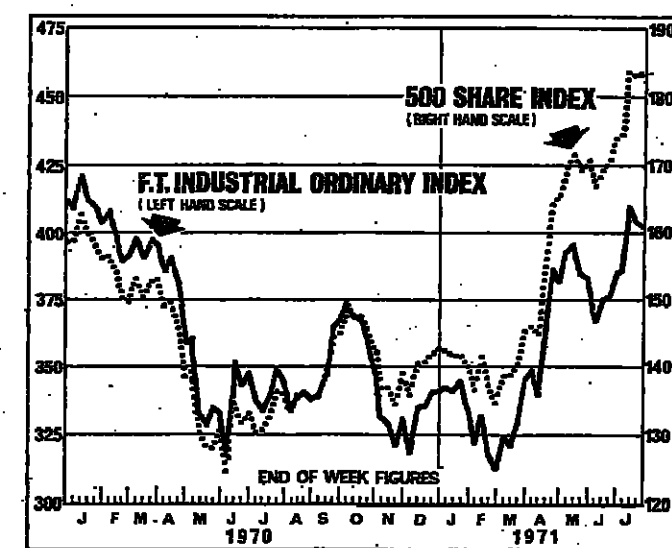
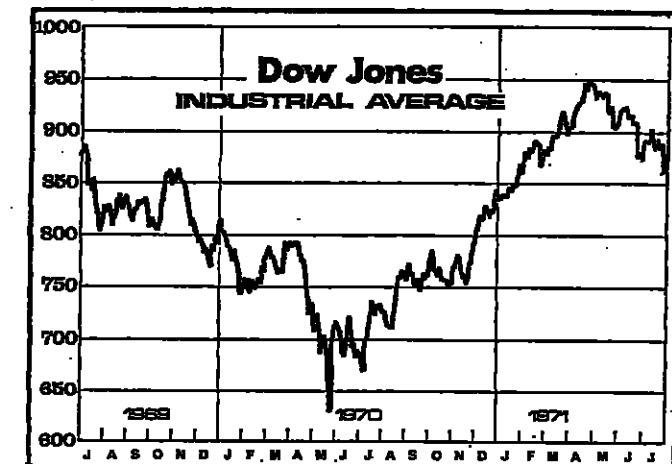
## Both approaches

The main difference between the U.K. and the U.S. is in the use made of technical analysis. It is not regarded as something opposite to fundamental analysis, to be used as an alternative approach, but that both approaches are used to complement one another. Brokers and institutions in the U.S. will either have their own technical analysis or have ready access to leading consultants in this field.

Technical analysis is being used to a limited extent in the U.K. by certain stockbrokers and institutions, mainly on a consultative basis, but the breakthrough is far from being complete. The number of analysts in the U.K., while still small, is growing and the services which the established consultants offer are many and varied. As techniques improve with experience and further research, their services will become more sought after.

In conclusion, it is apparent that technical analysis is a subject for the expert. Like many other fields, there is no substitution for experience. The danger in this type of analysis is that the analyst will tend to read into the charts what he wants to find and, after all technical analysts are human like the rest of us. There is little doubt that technical analysis has a very important part to play in investment policy and advice and that the analysts are going to have a much bigger role in the future.

Graphs like these below are part of the analyst's basic toolkit.



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	Rec. Price	Price 25/7/71	
British Vending Industries	26½	31	+ 18.1
Burmah Oil Warrants	78½	160	+103.2
Consolidated African Selection Trust	145½	240	+ 61.3
Eldridge Stableford*	12½	17½	+ 39.2
Heenan Beddow	61½	96	+ 56.7
North Kalgurli	77½	38	- 51.0
Vogels Metal Holdings	37½	47	+ 25.3
Average appreciation			+ 36.1

The FT Index over the same period has risen only 18.6%.

\*Formerly Juntex, following the takeover of Aviation and Shipping (the original share recommendation).

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IC & C French	16½	175	+ 156% in 4 months
Mining Supplies	17½	167	+ 117% in 12 months
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## INVESTMENT SERVICES VIII

# Clearing banks' advice continues to be broadly based

By FIONA HUNTER

The situation of the small investor is one of the most urgent, least popular and worst chronicled topics in the City today. Virtually the only general financial advice readily available to the inexperienced and unconnected is that supplied by their local bank manager, or perhaps solicitor. Where fortunes of £25,000 or over are concerned the newcomer may be quickly passed on to an investment specialist, such as a stockbroker or even a merchant banker. Or there are the clearing bank's own burgeoning investment management services departments, which for an official fee of around £2.50 per £1,000 will assume the management of portfolios of £10,000 upwards. But the individual of more modest means is confronted by mounting indifference on the part of most investment advisers, since it is widely held that the time and paperwork that are likely to be involved will not be sufficiently offset by the fee or commission receivable.

### Tightening up

Even the banks seem to be tightening up their treatment of the smaller investor. Traditionally financial advice is one of the ancillary services offered free to attract deposit and advance business, but the National Westminster's recent decision to grant managers the right to impose consultancy fees indicates a shift of attitude. At least, however, it is still theoretically possible to obtain advice from the banks on the most suitable way of investing the humblest sum, in outlets ranging through investment and unit trusts, like policies, equities, gilt-edged securities and new issues to property and building societies.

Given that the banks are virtually unique in continuing to offer such a service the problem is that the variety of investment outlets and the other matters on which the bank manager may be expected to advise are increasingly diverse.

This means that it is hard for many of them to keep sufficiently abreast of changing circumstances to do a really good job.

In the latest edition of Barclays Bank Briefing ("a quarterly information service on money matters"), the chairman, Mr. John Thomson, recognises the fact that the local bank manager can no longer be expected to "pick up his own working knowledge of taxation, accountancy, law, real property and of all the other subjects on which his customers require advice. Nowadays promotion is so much more rapid and the field of finance so much more sophisticated that we must provide staff with specific training in these fields."

The establishment of training courses and specialists is certainly to be encouraged, as is the close communication between local directors and branch managers which Mr. Thomson claims for his group. But it clearly would not be economic to transform every branch bank into a financial supermarket, with a full complement of highly specialised staff, and it is hard for branches to spare existing top staff for more than a limited refresher or training course. (A Midland manager probably goes on about 4 courses in his senior life.)

The inevitable result of this is that the quality of the service available still relies enormously on the individual abilities and enthusiasms of the branch official. One City bank manager has personally helped a limited number of relatively needy clergymen for some years with results that would please almost anyone. Another bank recently consulted on the best way to invest a few thousand pounds to be sure to beat inflation came down firmly in favour of building societies. The investor in question in the latter case has a reasonable fortune in antique silver so an ultra safe investment was hardly necessary, and the bank's decision was reached after an hour's consultation,

which should have been sufficient for them to establish the main background.

### Recommended list

In defence against stories of this type the banks can claim that the local branch manager is no more than a go-between. At his best he is there to apply "a supreme commonsense" and put Old Aunt Agnes in touch with the right advisers. So far as equity investment is concerned each branch of each clearing bank is usually issued with a short list of recommended stockbrokers by head office, and OAA can be sure that if she opts for equity investment at least the bank will find some stockbroker to handle her account. This type of business may be relatively unattractive for the broker concerned, but he will be compensated with other more lucrative bank business—and the banks have recently taken a tough line on withdrawing big deals from brokers who sought to shed the less attractive small stuff.

In most cases OAA will continue to deal with the broker

through the bank, which gets quarter of the broker's commission as its fee. Contact at one remove can bring certain advantages—the broker will accept business from an unknown client because he is guaranteed payment by the bank, the customer often prefers to deal personally with a locally situated professional rather than a strange voice at the other end of a telephone, and theoretically the bank manager can give the broker or the bank keeps a check list of what investments each client holds then vital opportunities may be missed.

### Conservative bias

The defence against this is that the majority of bank customers cannot afford or do not want to take the high risks involved in rapid portfolio turnover, so they are not invested in stocks likely to need particularly close supervision. But the system does encourage a bias towards conservative investment decisions. Yet another problem is that the broker may feel less personal commitment to a client with whom he has no direct contact, and besides, he may

be kept lamentably short information by the client himself—he may send advice, rights issues or takeover bids but never know whether advice was accepted.

If advising small investors could be made more profitable for the adviser there is little doubt that more effort would be made to guarantee a go service. On the one hand it could mean radical changes a Merrill Lynch-type mass investment marketing operation on the part of brokers. On the other, there is scope for rationalisation in the system as now operated. Brokers could take closer interest in their branch bank customers; sorting out the best method of co-operation in keeping them up to date with circulars. One obvious anomaly is that each of the clearing banks uses a different method of settlement, involving a broker in different forms of in.

The use of computers should help brokers and bankers keep close track of the customers' fortunes and give them a better deal. It is in the mutual interest that this should happen.

## Safeguards—(Cont'd.)

Continued from previous page

feels, it is up to shareholders to seek their own salvation.

Staying with the legal aspects for a moment longer, one area where investors enjoy a substantial measure of protection is in the unit trust field. Unit trust operations are closely controlled, and the legislation has so far proved highly effective. It is a tribute to the policing of the U.K. unit trust movement that ILL, the U.K. subsidiary of IOS, escaped almost entirely the backwash from the long-standing and widely publicised troubles of the parent.

Coming on to the internal policing carried out within the City itself leads to a look at the Stock Exchange. It does its bit in controlling the actions of companies in whose shares its members deal. All companies seeking a quote for their shares must sign the General Undertaking, and abide by the "Rules on Admission of Securities for Quotation." The Stock Exchange requires highly detailed information of a company to be published when it first comes to the market, and in future years it has the (rarely used) sanction of suspension of a share quote if a company steps too far out of line.

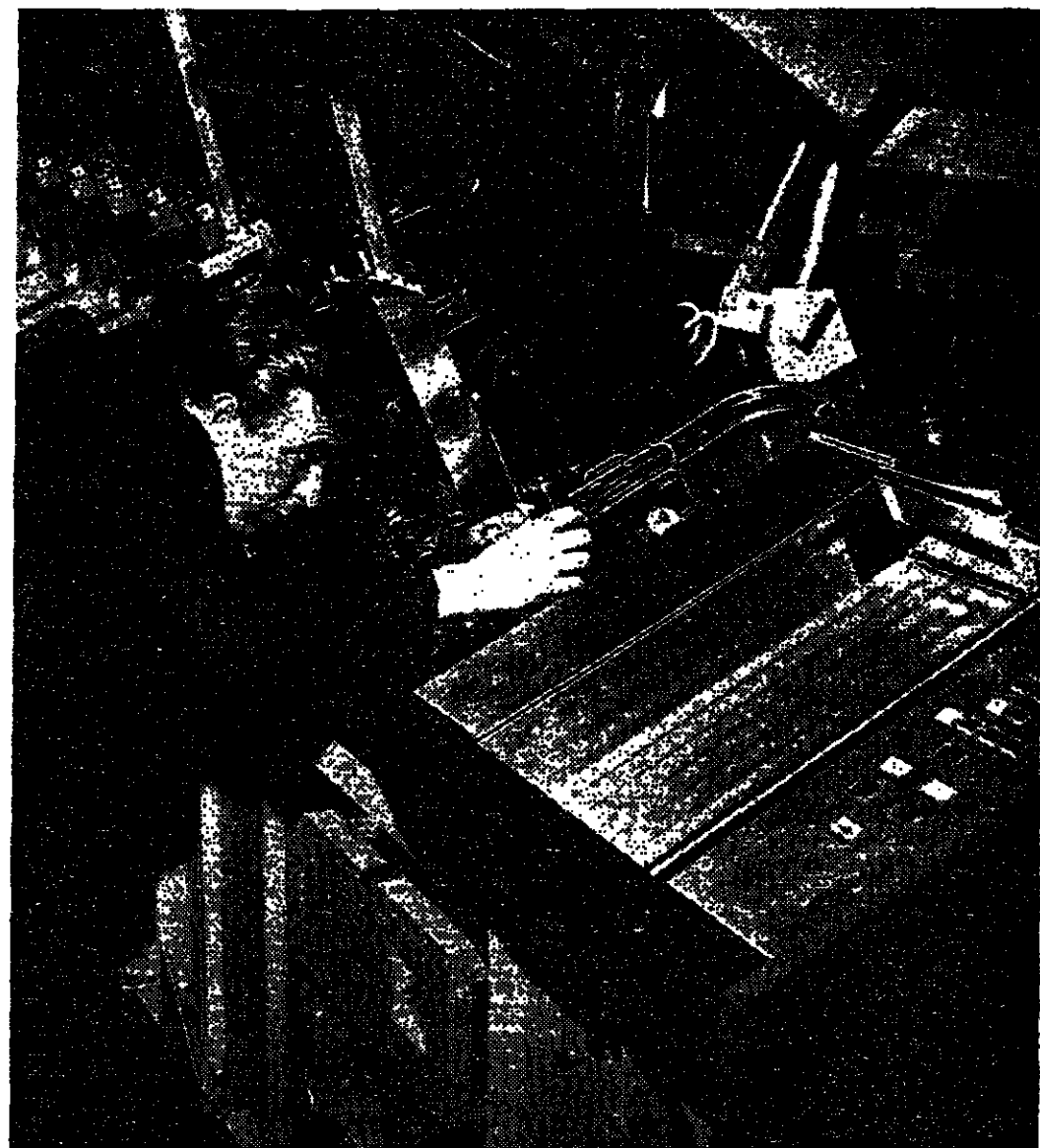
### High standards

However it is in the control exercised over its own members that the Stock Exchange makes its real contribution to safeguarding the interests of investors. The Stock Exchange Council insists on high professional standards among its members, and there are rules governing solvency requirements of member firms to protect against members going broke. That even these may sometimes be insufficient has been proved recently by the number of "hammerings" which followed the hectic dealing in Australian mining shares during the boom and slump. However in each case all members of the public were fully compensated for any loss they had sustained (although there is no such protection for losses sustained by member firms as the result of a default on the part of another member firm).

Shareholders' interests are probably best safeguarded when their company is involved in a takeover bid. The City Panel on Takeovers and Mergers is now emerging as a strong police force to see that the rules are kept, and the rules themselves get gradually tighter as experience is translated into additions and amendments to the code.

Where shareholders have always been poorly served in the past is in influencing management on the running of the company, particularly when things are not going well. It is always difficult for a group of small shareholders, often unversed in protocol and tactics, to mount a determined assault on the boardroom. The shareholders in a position to do so—the big institutional shareholders—have usually preferred the passive defence of selling out when things went wrong rather than actively seeking solutions to the problem.

Now, however, the small shareholder is getting much more assistance from his bigger brethren in terms of the protection of the value of his investment. The investment protection committees of both the pension funds and the in-



National Westminster and the Inter Bank Computer Bureau—which handle all transactions between the banks—each has an optical character reading system supplied by Recognition Equipment. Picture shows a field engineer adjusting paper handling equipment during the installation of an electronic retina computing reader.

surance companies are becoming more prepared to act publicly, and this is only the tip of the iceberg. Behind the scenes activity has been considerably stepped up to get boards of directors to toe the line.

This does not paint a complete picture by any means. The financial press for example, with its ability to publicise and to criticise, is an important weapon on behalf of the shareholder in any number of circumstances. Just as important are the current attempts by the accountancy profession to get a standardisation of accountancy principles. Added to this is an apparent, and welcome, increase in awareness on the part of auditing accountants that their primary duty is towards shareholders and not to the board of directors, whose figures are being scrutinised.

No one would pretend that the whole system is perfect. Indeed even with the range of different safeguards which do exist, glaring deficiencies also exist, and occasionally become apparent.

But in many cases where a board of directors appears to be rail-roading shareholders, or acting in a fashion which is at best only loosely connected with shareholders' interests, the remedy lies in the hands of shareholders themselves. Many a crusader on behalf of shareholders' rights has found himself defeated by pure apathy on the part of those he is trying to protect. And it is hard to legislate to protect a man from his own apathy.

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## Labour News

# Government pay strategy faces attack at TUC

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE Government's handling of the economy, including its pay strategy and its policy on nationalised industries, will come under heavy attack at next month's annual Trades Union Congress in Blackpool.

The unions will also continue their rearguard action against the Government's industrial relations legislation, with one of the printing unions, SOGAT Division A, making a controversial proposal that any union which decides to register should be expelled from the TUC.

This will place some of the leading opponents of the legislation in some difficulty because however much they dislike the registration provisions, they are likely to take the line that it would be unrealistic to try to keep such extreme action against one union which feel that they have no alternative but to guster.

Alarm over the high level of unemployment has led to a state of resolutions published in the preliminary agenda to-day in which unions again voice in general terms the TUC's much-pealed call for more expansionist economic policies.

### ay settlements

At the same time, Congress will be urged to instruct the TUC general council to make strong presentations to the Government over its policy of trying to avert pay settlements in the public sector.

The level of unemployment in technological advances are cited as arguments for reducing the length of the work week, extending holidays and for lowering the retirement age.

The rising cost of living will be urged by unions to support demands that there should be a national minimum wage of £20 a 40-hour week.

The Inland Revenue Staff Association will lead an attack on recent and proposed changes to the tax system and will urge Congress to instruct the general council to "prepare a comprehensive...

## Ryland for talks to-day on Giro pay row

BY OUR LABOUR CORRESPONDENT

R. BILL RYLAND, Post Office chairman, and Mr. Alistair Graham, Civil and Public Services Association official in charge of the union's Post Office members, are meeting to-day to discuss the pay dispute leading to the strike by computer staff which from to-day will hit the system.

Some 130 CPSA computer staff at the Giro centre in Louth, Lancs, have stopped work to-day and to-morrow. If no settlement is reached, they will strike for three days next week, and days the week after and then indefinitely if the dispute is not over. As well as disrupting Giro, the strike is expected to hold up about 57m worth of telephone accounts sent weekly to customers.

In addition to the Boodle staff, some 220 CPSA members at three other PO computer centres in London, Edinburgh and Derby were due to stop work to-day until the union's pay row with the management is settled.

A restructuring of pay scales as given more money at the highest point, but a significant group of workers than the minor grade staff get on the lowest three points of their scale.

### Winders' ban threatens pit production

THE National Coal Board has given a warning that an overtime ban by 85 winders, who operate the cages, could seriously affect production this week in the Doncaster area of the Yorkshire coalfield. The men are refusing to work week-end overtime because of a pay dispute, and this is affecting maintenance.

An overtime ban will also be operated from to-day at Blithworth colliery, one of the largest pits in the Nottinghamshire coalfield. The men are demanding higher pay.

## Prison officers awarded 12.8% pay increase

HE 11,600 prison officers in England and Wales have been awarded a 12.8 per cent pay increase backdated to January 1 this year under an agreement reached in negotiations between the Home Office and the Prison Officers' Association.

The Home Office explained that the increase, well above the Government's unofficial pay norm, was a direct consequence of rises already agreed in the pay of civil servants in other grades to which the prison officers' pay was linked.

The amount of the increase had been arrived at by an agreed method of comparability with other grades, which had been followed for more than 10 years. At the same time, prison officers had been granted improved pay for Sunday working which amounted to 1.3 per cent, of which other civil servants received in January, 1970.

The inclusive pay of basic rate officers has been £18.23 a week, rising by annual increments to a maximum of £24.85 after 9 years. The new pay scale will run from £20.59 a week to £28.48. Proportionate increases will be paid to other grades up to chief officers class I, whose salary is increased from £22,269 to £22,600.

### Day off for Chrysler men

An enforced day off without pay awaits 1,400 Chrysler car workers in Coventry when they return from their annual fortnight's holiday to-day.

Day and night shift workers in the trim and final assembly areas at the Ryton assembly plant were being told they could not start work until to-morrow.

Output of about 700 Avenger saloon cars will be lost. The lay-off is blamed on the combined effects of the Coventry toolroom workers' pay dispute and a recent stoppage at Chrysler's plant in Scotland.

## Scotch tax payments recover

FINANCIAL TIMES REPORTER

SCOTCH WHISKY made a spectacular recovery in May in its tax payment for the home market, after being down every previous month this year on the same month of 1970.

These decreases were largely caused by heavy stockpiling ahead of wholesale price increases last October. But now these stocks have been cleared and in May 794,000 proof gallons of Scotch were tax-paid for the home market, a 22.8 per cent increase on last May's 588,000 gallons.

The running total for the first five months of 1971, at 3.15m.

## THE 1971 NATIONAL MANAGEMENT GAME

# Rolls-Royce purrs to a £2½m. win

BY MICHAEL DIXON

THE national management champions of 1971 are Rolls-Royce (1971). After a seven-hour contest on Saturday five hard men from the financial controller's office of the company's Derby engines division received the silver championship rose bowl from Sir Gordon Newton, Editor of the Financial Times.

"It is a bigger fillip than you could imagine," said Mr. Denis Thomas, who is 38 and leader of the winning team. When the computer-based business game started with 780 teams in January, even he could not have imagined just how gratifying a Rolls-Royce victory would prove. "We have shown that our company is still on the map," Mr. Thomas added. "As for myself, I am delighted... and utterly shattered."

The results of the final, however, show that it was Rolls-Royce's three competitors who were shattered. The champions finished with a paper profit more than half as big again as that of the second team, Crossley Carpets of Halifax.

### Serious

Third came Peat Marwick Mitchell, whose five players needed no reminding that one of their partners, Mr. Rupert Nicholson, was appointed receiver and manager of the old Rolls-Royce company. Mr. Nicholson was at International Computers' headquarters in Putney to see Rolls-Royce collect the trophy. "When I handed over in May," he said, "I thought I was doing my very best to show what a magnificent set of assets I was handing over. This result shows an asset that I didn't know about."

Fourth were Manganese Bronze Holdings.

Anyone who has played in the National Management Game, organised by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales, knows that

cessive trading periods. At the end of a round of plays the team in each group which has accumulated "the greatest net profit available for distribution" goes forward into the next round.

### Prices set

In every round, each team starts in an identical position, with the prices of its imaginary product standing at about £40. The team then decides what prices to set for the first trading period, and how much of its available finance to allocate to research and development, increasing production capacity, and marketing. The results of each period's trading are worked out by computer and the team

makes another set of decisions for the next period, and so on. There are a number of different markets. For example, in a group of four teams market No. 1 is the "home" market of team A; No. 2 of team B; No. 3 of team C; and No. 4 of team D. Any team may sell in any market, but in its "home" market the team has the advantage of lower distribution costs. In addition each group has another market available. This is a free-for-all in which all teams compete on equal terms. This year's final round really started when the finalists met for the first time on Friday

started by setting their prices too high and spending relatively little on marketing.

### Switchback

The result was few sales and a sudden halving of the cash available to the team, which came from Peat's Electronic Data Processing Audit department. The team immediately slashed selling prices for the second period, but over-compensated. The result was a flood of orders and an embarrassing abundance of cash. Up went the prices again, and away went the cash. Down went the prices

customers." Manganese immediately raised their prices. Although they kept up their marketing, however, their price rise coincided with price cuts by everyone else. So Manganese were left with a warehouse full of unsold stock.

By the time they, too, escaped from the switchback, they were out of touch with the leaders.

The Manganese team chairman, Mr. John Neville—who took part in the final only a few days after undergoing a serious operation—said their policy was to spend heavily on marketing and so win brand

apparently unimaginatively—pursuing their initial policy. "We concentrated on high marketing in our home market and the free-for-all," Mr. Thomas explained. "We started with reasonably high prices, and reduced them round by round as our increases in plant capacity and research and development expenditure brought our unit costs down."

Once Rolls-Royce had established a lead, this steady reduction of price levels proved an impenetrable defence.

Asked if they would enter the game again, Mr. Thomas said: "Absolutely definitely." The other finalists, though less ebullient, seemed of similar mind. "We not only got enjoyment and some useful publicity out of it," came a typical comment from a senior member of one of the losing teams. "Just look at my chaps. We started in January as six individuals who knew each other fairly well. Now we are working together like Siamese sextuplets."

### New game

All of the 780 teams which took part this year—and, indeed, anyone else—will have another chance to become national management champions. After Sir Gordon Newton and Mr. Douglas Morphet, president of the Institute of Chartered Accountants, had presented the trophy and individual prizes, Sir Gordon announced that the sponsors will run a third National Management Game for 1972. The entry list will open in the autumn.

The national championship, however, may not be the highest prize in future. The British games have sparked off similar exercises overseas. Games are established in Denmark and Australia; one is about to be launched in Singapore; and plans are being made in other Western European countries. The sponsors are now hoping to have some form of international championship before long.

## RESULT OF NATIONAL MANAGEMENT GAME, 1971

Finalists started in identical positions, with £17,717,050 total assets

	Cumulative profit after each "play" (trading period)					
	1	2	3	4	5	6
	£	£	£	£	£	£
ROLLS-ROYCE (1971)	337,840	817,380	1,523,940	2,104,180	2,289,410	2,496,080
CROSSLEY CARPETS	201,460	564,220	1,092,430	1,321,650	1,465,100	1,541,870
PEAT MARWICK MITCHELL	88,140	446,170	586,990	867,460	1,242,400	1,339,780
MANGANESE BRONZE HOLDINGS	11,990	406,600	752,030	703,560	781,460	976,740

## 9% rise in builders' merchants deliveries

BY MICHAEL CASSELL

A FURTHER indication of increasing construction activity in Britain is provided in figures released over the weekend by the National Federation of Builders' and Plumbers' Merchants.

The Federation reported that, in the first five months of this year, deliveries of materials to building sites showed a rise of 9 per cent over the corresponding period in 1970. Deliveries in May were, on average, up by just over 7 per cent, on the same month last year, in contrast to figures for April when the rise was confined to a little more than 2 per cent.

These encouraging figures follow Government statistics published at the end of last week which provisionally estimated that new orders taken during May were up 11 per cent on last year's level. At the same time, it was shown that private house-building activity in June had reached its highest point for at least two years.

Activity has been improving during the year in the authority building sector—with the exception of housing.

But a major improvement in the volume of private industrial work being undertaken is still awaited.

Commenting on the latest order figures, a spokesman for the Builders' Merchants said: "A 9 per cent rise over the first five months of the year gives us cause for cautious optimism, especially as all regions show some degree of improvement."

The Federation's latest statistics show that there were extensive regional variations in the upsurge. Increases ranged from 13.5 per cent in the South-West and Wales to only 2.7 per cent in the North-West. Nearest to the national average was London and the South-East with a rise of just over 10 per cent.

In May, activity rose by 19.5 per cent in the South West and South Wales while orders fell by over 2 per cent in the North West. Again, London and the South East came nearest to the national average of 7.3 per cent for the month with a rise of 7.2 per cent.

The Federation, which represents 95 per cent of all merchants, bases its findings on the adjusted value of materials and products delivered to building sites.

## Pressure for increase in U.K. newsprint prices

FINANCIAL TIMES REPORTER

PRESSURES are building up for an increase in the price of newsprint in the U.K. following rises announced in North America.

Reed International declared last night that there would certainly be an increase in the cost of newsprint in 1972. In North America, Anglo-Canadian Pulp and Paper, which is part of the Reed Organisation, has already announced an increase of \$8 a ton.

The same rise, to \$168 a ton from November 1, for newsprint in North America was announced yesterday by Bowater Inc. It has not yet been decided whether Canadian newsprint imported by the Bowater Paper Corporation to the U.K. will be raised in price. Mr. Jack Miles, the company secretary, said.

British newsprint manufacturers, who are very anxious about cost pressures, would dearly like to follow the rising Canadian price trend, but Scandinavian importers to the U.K. hold the key to the situation.

The Scandinavians, who, together with the Canadian producers, account for more than half of the U.K. market, have stated that their prices will not rise in 1972.

No secret

It is no secret that when U.K. producers last wanted to raise their charges, at the beginning of 1971, the increase was halved to £3.50 because of fear of Scandinavian competition.

A statement from the Scandinavian countries about their intentions on the prices front in 1972 is expected in the near future and this will give British manufacturers an idea of the limits within which they will be able to operate.

## Midland Bank turnover index up 12 points

THE Midland Bank Index of Business Turnover (1968=100) rose by 12 points to 116 during the second quarter of 1971. The seasonally-adjusted index rose by 13 points and, at 143, compares with 127 for the second quarter of 1970.

Imported spirits also had an excellent May with a 5 per cent increase to 258,000 gallons. For the five-month period imported spirits improved by 11.9 per cent to 1,311m. gallons.

Production of Scotch whisky eased back in May by 100,000 gallons from the previous May and totalled 12.85m. gallons. The five-month production total of 63.13m. gallons was 4.3 per cent up on last year's 60.5m. gallons.

U.K. spirit output in the period was 5.5 per cent up on last year at 66.92m. gallons.

## Government looking again at health charges

BY OUR LOBBY EDITOR

THE GOVERNMENT is taking a second look at the problem of National Health prescription charges, following the intense opposition of doctors and pharmacists to its earlier suggestions for basing the charges on the cost of the medicines supplied.

Ministers recognise that it would be difficult to operate a "cost-related" scheme in the face of this opposition. They are therefore studying three possibilities:

- 1—An entirely different method of relating charges to the real cost of prescriptions, or;
- 2—Periodic increases in the flat rate prescription charge, now 30p an item. Such increases would have to be large if they were to produce the savings envisaged under the Government's original proposals;
- 3—Leave the charges as they are.

It was said yesterday that no decision had yet been taken or which of these courses to adopt it was unlikely that anything would be announced until later in the year.

**DRY SACK**

**SHERRY**

**BOTTLED BY S & HUMBERT LONDON**

**THE HAPPY MEDIUM SHERRY**

Dry Sack, enjoyed by more people in more countries than any other sherry in the world. From Williams & Humbert, Jerez & London.



# Confidence at Shipping Industrial

WITH THE BROADER and stronger base now established at Shipping Industrial Holdings chairman Mr. J. O. Hambro and Sir Alexander Glen, his deputy, say they would expect 1971 results to be comparable to a like-for-like basis with those achieved in the favourable year of 1970. They view the future with confidence.

Results so far this year from underwriting, insurance broking and shipbroking are "distinctly encouraging". The forwarding division and the holidays company (Clarksons) both suffered considerably from the postal strike, but the effects are unlikely to have any influence on trading in the year as a whole, they state.

In holiday periods, the division and improvement of systems should enable an improvement in profitability to be achieved.

Overall, to look further ahead is often impossible, they say, but at this stage while the STI is better able to withstand problems or setbacks in any one part of operations, its broader base should ensure growth as well as in the year 1970, group profit, before tax, amounted to £2,427,215, including Lancel Trust. Excluding Lancel the result on a like-for-like basis could be £2,600,000 (£1,667,000). The dividend is raised from 4.5p to 5.75p per 25p share.

Mr. Hambro and Sir Alexander feel that particular mention should be made of the continuing improvement achieved by the freight division which, with a net profit of £55,000 for the year, is affected by a rounded in profitability of almost £400,000 in three years.

Insurance underwriting and broking had good years while the holidays company carried profitably over 1m passengers.

In shipbroking the new contracting and second-hand sales operations have been profitable and transactions of over £100m. in value were concluded by the sale and purchase department.

The original Clarkson Insurance Broking group achieved an advance from £435,000 to £535,000 in pre-tax profit. The division entered the current year with plans for continuing expansion and increased profitability and "we view the future with optimism."

An executive share incentive scheme is proposed. The total number of shares to be made available shall not exceed 783,158—5 per cent. of the present group equity.

Meetings, Ct. Eastern Hotel, EC, August 24 starting at 11.30 am.

## comment

Shipping Industrial Holdings' share price has come back from 252p since the preliminary figures were announced in mid-June to the current 255p (a new low for 1971). With the F.T. Shipping index up 12 per cent. since the period, this lack of popularity may partly reflect the recent bad publicity given to the overbookings situation on some Clarksons holidays, and the qualification by the auditors in the latest accounts is hardly likely to help matters—though this needs to be put in the context of a new computer system and a rapid increase in passenger traffic. In any event, with earnings (fully taxed) of 20.5p last year and a current p/e of 12, the reaction may have been overdone, since taking in Dene Shipping, the holidays contribution is under 10 per cent. of the pre-tax profit total and, apparently, on an improving trend.

Chairman's Statement Page 5; See also Page 1

## Pleasurama's first half casino loss

First half net profit of Pleasurama increased from £17,000 to £18,000 and the interim dividend is held at 20 pence. At least maintenance of 50 per cent. has been forecast for the year to September 30, 1971, on capital increased by a one-for-four rights issue.

Chairman, Sir Harman Nicholls stresses that the half year figures are in no way indicative of the full year's results (£25,742 before tax for the year to September 30, 1970) partly due to the seasonal elements and more particularly as most new major developments were still under construction.

This programme, with the exception of the Mayfair, Brighton and Southern casinos, has now been completed. The casinos in Brighton and Southern are scheduled to open this autumn and the Mayfair casino will be opened in 1972.

At present, Sir Harman cannot give a forecast of the full year's results.

The casino division has been disappointing and although the longer term prospects are good, it is clear that the internal forecasts made will not be met in the current year.

The half year figures include a loss of £14,000 for the casino division and the chairman is doubtful that it will make any contribution to profits for 1971. Mr. Bassett has now resigned as managing director of the casino division. Its management

## HIGHLIGHTS

The relatively thin list of company statements due this week is symptomatic of the summer season. However, the next few days should not pass completely without excitement and in particular a good deal of attention is likely to focus on the half-year figures from the Royal Dutch/Shell Group on Thursday. British-American Tobacco's interim announcement, scheduled for to-morrow, will also be eagerly awaited. Coming too on the heels of the relaxation of KP controls, United Dominions Trust's preliminary statement on Wednesday will also be of some interest, and, elsewhere in the financial group, insurance brokers Sedgwick Collins are expected to reveal improved profits after six months on Tuesday. Representing the property sector, Slough Estates (interim) and Town and City (prelim), are both reporting on Wednesday.

is being integrated into the overall structure of the group. Various major new developments recently undertaken are being consolidated and it is being stressed that this stronger base will enable us to move forward on our next phase of expansion," the chairman adds.

The first half profit was struck after bank and other interest £20,000 (£16,000), directors' fees and emoluments £11,000 (£5,000), depreciation £57,000 (£74,000) and minority interest £9,000 (£1,000 loss).

## 8% forecast by Eldridge Stableford

FOLLOWING THE various changes, Mr. R. A. Eldridge, chairman of Eldridge Stableford and Co. (formerly Jintex), says group profits for 1971 should substantially exceed the pre-tax figure of £135,000 forecast last March.

He adds that the following year should reflect the full benefits of the group's new activities with a considerable increase in earnings. Meanwhile, a dividend of not less than 8 per cent. is envisaged for the current year.

For 1970 profit was £54,288 (loss £14,141) subject to tax of £6,500. The figures do not reflect the group's potential following recent developments. Children's wear still comprises an important part and there are plans to expand this side to produce a 25m turnover and a "very significant contribution" to profits, says Mr. Eldridge.

However, the experience and expertise of the Board is mainly in the financial field, he points out, and as the directors have expanded interests on this front with three acquisitions in the past six months.

As a result around two-thirds of total assets will now be utilised in financial activities with the aim of buying investment stakes in both public and private companies where the Board feels it will be able to achieve substantial capital and revenue profits.

The accounts disclose a compensation payment of £11,250 to Mr. J. I. M. Bacal for loss of office.

Meeting, 5, Belgrave Square, SW, August 25 at 11 am.

## comment

After several years of profits under £50,000 pre-tax, Eldridge Stableford underwent a complete transformation in 1970 and in addition to a change of name the group's activities were concentrated on investment banking and children's clothing. Though these changes made little impact on last year's results, they should start having an effect from now on.

The March forecast indicated a sizeable jump in 1971 profits, giving earnings of 0.6p per share and a p/e around 30 at 18 1/2p. But this looks very much a maximum p/e as important additions have been made on the investment side since March and profits are now expected to "substantially exceed" the earlier forecast with more to come in 1972. The shares are likely to remain a speculation, however, until some more tangible evidence emerges.

## Chubb Group consolidates fire interests

THE CHUBB GROUP has consolidated its fire protection interests with the formation of a new company, Chubb Fire Security, which began operations on July 20.

The organisation will have a work force of 3,000 and a turnover exceeding £15m. and its products will include the full range of fire engineering equipment.

The companies of the Chubb group which are being integrated to form the new company are Pyrene Company, Minimax, Read and Campbell and Samuel Jones.

The group will continue to use the individual brand names of Pyrene, Minimax, and Read and Campbell.

Our comment on the results of Anglo Television last Thursday mentioned the transfer of the Belmont transmitter to Trident and suggested that this issue might still be in doubt.

Mr. G. E. Ward Thomas, managing director of Yorkshire Television points out that the pro-

spectus of Trident Television published last November stated clearly that it was the intention of the Independent Television Authority to transfer Belmont to Trident in 1974.

## Good start to year by Ropner

Sir Robert Ropner, chairman of Ropner Holdings, shipowners, insurance brokers, engineers, etc., says it will not be easy to maintain profits in the current year.

But in view of a good start, "we believe this year's results will not be very different," he declares.

Sir Robert stresses that it is difficult to forecast in the present climate of increasing wages and other costs coupled with the uncertainty of the shipping freight market.

The benefit of a full year's trading from M.V. Ruby and part of a year from the sister ship will be largely offset by increased interest charges.

As reported on July 17, group profit for the year to March 31, 1971, was £208,425 (£208,389) and the dividend 8 (6) per cent. A breakdown of 1970 omitted of turnover (£4,966, against £4,112).

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official notices of such meetings are issued by the companies concerned and are based on last year's year-end figures.

**TODAY**  
Interim—F. Pratt Engineering, Plastics—Audio Fidelity, Banbury Holdings, Electric, and others.

**FUTURE DATES**  
Interim—Clay (Richard), Aug. 19; Bea Rose, Aug. 19; Plastics—Clay (Richard), Aug. 19; Bea Rose, Aug. 19.

**Dividend and profit** shows shipping £1,330 (£1,015) and £208 (£208) engineering £2,324 (£1,758) and £200 (£248); insurance broking £864 (£603) and £187 (£109); property development and finance £288 (£121) and £45 (£58). Investment income less interest came to £74 (£150).

On the face of it, Bristol Plant's results for the 18 months to the end of March show a significant decline from the year to March 31, 1970, with pre-tax profits at 43 per cent. on an annual basis. But for the last six months of the period profits did, in fact, fall by 17 per cent. over the corresponding half and in common with the rest of the plant hire industry the current year outcome on this side will be affected by the abolition of investment grants and the recent sizeable increases in the cost of new plant. Elsewhere, prospects for the year are reasonably good. In Sweden, expansion has been slower than expected. Overall, the shares on a p/e of 7.1 (10 fully taxed) at 15 1/2p appear to be taking too much notice of previous results, though any upward re-rating will obviously not be helped by the imminent rights issue.

## comment

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## Cornwall Property forecast

DIRECTORS of Cornwall Property (Holdings) confirm their profit forecast for the year to March 31, 1971, and reaffirm their intention to pay dividends totalling not less than 30 pence, states chairman Mr. R. A. Shuck.

Excluding any contributions from the acquired Ebbw Vale and Cophall Holdings, profit for the year will be "at least" £350,000 before tax.

As reported on July 20 pre-tax profit to March 31, 1971, was £216,706 (£168,558) with a dividend of 17 pence (same). The Board will continue to take advantage of attractive property and trading situations, says the chairman. "The company's resources are available for selected acquisitions, and members can expect further growth to the assets and earnings."

All directors waived their rights to directors' fees for 1971, and Mr. E. C. Mansfield also waived in respect of dividends. At March 31, 1971, the chairman was the beneficial holder of 1m shares of 5p. Slater Walker Securities held 1,333,500 shares in the company.

## MACLEHOSE

Remedial action taken at the end of 1970 by Robert MacLehose and Co. has begun to have a beneficial effect, with the result

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. Total	Total last year
Pleasurama Int. (b)20	10	Oct 1	20	50
Union Commercial Int.	7 1/2	August 18	7 1/2 (c) —	(d) 17

\*Equivalent after allowing for scrip issue. †Amount per share. (a) Tax Free. (b) On Capital increased by rights and/or acquisition issues. (c) Total of 18 pence is forecast. (d) For 11 months.

that all sections of the MacLehose Group are currently trading at a profit, states chairman Mr. D. MacLehose. Smith Brothers (Kilmarnock) had a "very satisfactory" half year.

Bearing in mind, however, the experience of the group in the latter half of 1970 and the consequent increase in costs made at R. MacLehose in the first half of 1971, the directors have decided it is premature at this juncture to attempt to forecast the year-end results.

Considering the interim dividend they should have the results of the first three-quarters before them and a decision will be taken in October whether or not to pay an interim. The final dividend will be considered in April and paid in June.

In 1970 the group, printers and bookbinders, incurred a loss of £5,352 and there was no dividend payment.

## Favourable outlook for F. Wrighton

SUBJECT TO any unforeseen developments F. Wrighton and Sons (Associated Companies), furniture makers, look forward confidently to returning to a state of record profitability in the current year, says chairman, Mr. W. E. Wrighton.

For the first quarter in excess of those of the corresponding period last year, and it is expected that the first six months will show a considerable improvement on the year to date.

As reported on July 17, group pre-tax profit for the year to March 31, 1971, was £241,202 (£270,408), after a sharp contraction in the first half and the dividend 14 (14) per cent. Sales increased from £2,864,803 to £3,346,733.

During the first half, financial and factory capacity commitments in the Birmingham and manufacturing reproduction furniture were reduced and the complete area was allocated to meet the increasing demand for the new range of California 2 kitchen units and the new ADAM range of fitted bedroom furniture in DECPOL polyester. This change-over should result in a "considerable contribution" to the profit, says Mr. Wrighton.

Production at the main factory at Walthamstow now consists entirely of kitchen units for the domestic market and the mechanisation carried out in the last few years is continuing to bring benefits in reducing manufacturing costs. Additional automated finishing processes are being installed.

At the new Road, E. September 1 at noon.

## Charcon expansion plans

Announcing a new symbol and house style for the Charcon group, the construction industry division of Charterhouse Industries, managing directors Mr. G. Pughman and Mr. P. Shuman said: "We already have a turnover of some £5m. and we are aiming at an annual growth rate of 10 per cent. plus. Our expansion plans include the possible acquisition of other companies in our field with the right kind of growth potential."

We also intend to exploit overseas markets, they say, and a start in Canada and are now looking at the Continental market with a view to serving the European community."

## G. N. HADEN

An extraordinary meeting of G. N. Haden & Sons will be held on August 23, at which a resolution to change the name to Haden Carrier will be proposed.

Coincident with the change, the composition of the board is to be altered, with the effect more accurately the structure of the group. This will include the

appointment of two senior executives of the Carrier Group, namely Mr. V. A. E. Heard, vice-chairman and managing director of Carrier Engineering, and Monsieur J. Michels, chief executive of Société Carrier, France.

## Union Commercial first half

NET REVENUE, before tax, of Union Commercial Investment Company contracted from £523,600 to £434,600 for the half year to June 30, 1971. Last March the directors warned that they anticipated some industrial companies which might affect revenue. They were, however, confident in the long term.

The adjusted comparable figure for the year 1970 was £1,418,150—the actual accounts covered 11 months.

An unchanged interim dividend of 7 1/2 pence is declared and the directors are keeping to their forecast of 18 1/2 pence for the year—approximately the 17 pence paid for the previous 11 months on an annual basis.

	6 mths. 1971	1970
Gross income	591,300	687,200
Management fees	12,500	11,000
Net rev. before tax	578,800	676,200
Preference div.	28,500	28,500
Ordinary interim	35,500	35,500

At end-June the value of investments and current assets was £1,299,000 (£2,812,422 at end 1970) and the net asset value of 25p Ordinary share was 128p (113p) calculated after deducting the debenture and Preference stocks at nominal values, the directors at the official rate of exchange and the interim dividend not declared. No account has been taken of any liability to capital gains tax which might arise on future disposals.

Holders wishing to take up their entitlement of the issue of 6 1/2 pence Convertible Loan stock, 1966, are reminded that acceptances must be received by 31st August 6.

The company is a member of the 117 Group.

## Rothschild Trust

The scheme of arrangement providing for the substitution of Debenture and Preference shares of Rothschild Investment Trust for the debenture and Preference stocks of the London and New York Investment Corporation, New Investment Company, and Imperial Colonial Investment Trust has been sanctioned by the High Court, has now become effective.

Dealings in the 4 1/2 pence debentures of London and NY and the Preference stocks of London and NY and NYC ceased July 30. Dealings in the securities of RIT allotted in substitution commenced to-day and, pending despatch of documents of title, transfers will be certified against the appropriate register.

## FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:  
Burstons Group (Section: Banks); Northborough Investment Trust (Section: Investment Trusts); Sime Darby Holdings (Section: Industrials (Misc.)).

## J. WOODHEAD

An annual meeting of Jonas Woodhead and Sons chairman, Mr. S. Markland, stated that trading for the first quarter of the current financial year had been satisfactory and the year as a whole should show a further improvement in both trading and profits.

## Meeting Page 7

## BIDS AND DEALS

# Watney posts new Truman offer

THE FORMAL OFFERS by Guinness, Mahon and Co. on behalf of Watney Mann for the Ordinary and Preference capital of Truman Hanbury Buxton not already accepted by Watney have now been sent out.

In a letter with the documents Mr. Michael Webster, the WM chairman, says his directors are convinced that the new 1971, bid gives Truman holders an "excellent opportunity" to share in the growth of an enlarged brewery group, and they urge all holders to accept.

The first expiry date is August 23 (3 p.m.). As at July 29 WM had 2,507,215 Ordinary Truman shares, all acquired during the past six months.

Terms of the Ordinary offer are 15 Ordinary WM shares, 50 of WM 10 pence convertible loan stock, 1991-96, and 11 Ordinary shares of International Distillers and Vintners, for every 10 Truman Ordinary shares. Truman Preference holders are offered one £1 unit of 4 1/2 pence, cumulative second Preference of WM.

The WM loan stock will be convertible during the years 1970 to 1983 into WM Ordinary shares on the basis of £0.75 nominal of convertible for one Ordinary share. WM estimates that its group profit for the year ending September 30, 1971, will not be less than £11m., compared with £14.76m. for 1969-70. In arriving at the forecast, there have been changes in organisational expenses (redundancy double running of plant) which are considered to be non-recurring and amount to about £800,000 before tax (£2,000 after tax). On the basis of this forecast, earnings available for Ordinary holders for 1971-72 will be 85.5m., compared with £7.6m. for 1969-70.

WM has given firm assurances to Truman as to the welfare of staff and employees and as to the full protection of all pension rights. To this end it is WM's intention to invite two or three directors to join the Watney Board, should the offer succeed.

Watney has also given Truman firm assurances that redundancies (affecting at most 100 people) will be kept to an absolute minimum. In fact "there will be more jobs for brewery workers in the East End of London after the offer than before," the document states.

The WM Board has undertaken to consult as fully as possible with everyone involved and with the appropriate trade union officials on the effects of any changes to be made.

## ELECTRONIC RENTALS

PTC-London, one of the companies in the Electronic Rentals and General Holdings group, has agreed to purchase 30 per cent. of the equity of W. Botterill & Son, of Bexley, Northants, long established manufacturers of a complete range of sports footwear marketed under the name "Gola".

Latest accounts of Botterill disclosed that at January 31, 1971 net tangible assets amounted to £179,170 and profits before tax for the year ended on that date were £40,454.

Consideration will be satisfied by the allotment to the vendors of 193,500 Ordinary shares of 5p in Electronic Rentals and arrangements have been made for these to be placed with institutional investors at a net price of 77.5p approximately.

If profits of Botterill for the year 1971-72 exceed £81,000 an additional sum up to a maximum of £37,000 will be payable—this will be made at the option of the vendors in cash or shares of Electronic Rentals to be allotted at 77.5p per share.

## DELTA-CONCENTRIC

The offer on behalf of Concentric of the capital of Delta Controls has now been sent out. First closing date is August 23 (3 p.m.).

Excluding any Delta contribution, Concentric forecasts a group

profit, before tax, for the current year in excess of the £271,700 for the year to September 23, 1970 and a total dividend effective raised from 28.60p to 25 pence.

Delta forecasts pre-tax profit not less than £100,000 for the current year, against £86,248 for the year to September 30, 1970. Its directors recommend acceptance and are accepting in respect of their 34 per cent. holding subject to acceptance overall 1 holders of 75 per cent.

## Dares Estates finances

In a letter to members, M. W. G. Stern, the new chairman, Dares Estates, stresses that the company's financial position continues to be serious, and that details of a proposed rights issue to be made should Metropolitan Property Investments be accepted, "substantial" amount of funds acceptances of its offer for the Dares capital.

He says Dares' bankers have indicated they will exercise their right to appoint a receiver if, "but only if," MPI guarantee £300,000 of the overdraft. In addition, certain major suppliers have threatened to cut off supplies unless action is taken, "there is danger" that Dares will breach borrowing limits.

MPI now owns approximately 45 per cent. of the Ordinary, Dares and all the Deferred. It has informed the Board that while it intends to support Dares for the time being by furnishing the requested guarantees it does not necessarily intend to continue to support Dares indefinitely so long as they do not hold the bulk of Dares Ordinary shares. It has also expressed the opinion that persons who choose to remain shareholders of Dares by non-acceptance of MPI's offer should share in the financial burdens of Dares. MPI has therefore proposed that in the event of it not receiving a sufficient number of acceptances, a rights issue should take place. Subject to the consent of shareholders and Convertible stockholders this will comprise new class of partly paid Preference Ordinary shares of 5p which will be offered partly paid by way of rights to Ordinary and Deferred holders on the basis of one f. p.p. share to existing shareholders. Convertible holders on an equivalent basis according to the number of Ordinary to which they would become entitled on full conversion.

Share and stockholders would be asked to subscribe 1p for Preferred and to undertake liability to subscribe a further when called upon. The Preferred would be entitled to dividend at the rate of 2 1/2 times that paid in the Ordinary and to repayment of the event of liquidation in prior to the Ordinary or Deferred.

The issue would raise approximately £20,000, which would give Dares a call on approximately a further £487,500 from its share and stockholders. It would be underwritten by MPI.

The issue will not take place by the closing date, MPI has acquired 90 per cent. of the Ordinary of Dares for which its offer was made: since in that event Board has been assured that future issues of partly paid Preference should be secured through the support MPI. Should a rights issue take place, formal documents will be sent out as soon as possible after the closing of MPI's offer.

## 1970 TRUST-NMC

In a detailed reply to the recent letter from the Standard Industrial Trust, NMC Investments must accept the view that the 1970 offer for NMC Investments must be accepted.

Holders are strongly urged to accept the offer of 22p per share, which closes at 3 p.m. on August 6.

## AIRLEASE INTL.

Dealings are expected to begin to-day in the U.S.\$20m. 9 per cent. Guaranteed Bonds 1988 and the U.S.\$15m. 10 per cent. Guaranteed Notes 1976 of Airlease International Finance. The Bonds and Notes, issued at par, have been underwritten by Kleinwort Benson, Lazard Brothers and Co., Morgan Grenfell and Co., and Brown Shipley and Co. and are guaranteed by Barclays Bank, Lloyd's Bank of London and National Westminster Bank. The Bonds are expected to open near par and the Notes at a small premium.

As a result of business as an investment and finance company and the proceeds of the issue will be lent to Airlease International for a period controlled by the above banks and others, which engages in the leasing of aircraft, hovercraft and other transport, but reasonable good prospects are seen for Coverplan, which should, due course, restore profitability. Meeting, July, August 23, noon.

WESTDOCK GROUP (manufacturers of commercial glassware)—Results for year to March 31, 1971, reported July 20. Fixed assets £99,189 (£82,246). Net current assets £14,500 (£22,771). Anticipates trading loss for the half-year. There has been very little improvement in the glassware activity, but reasonable good prospects are seen for Coverplan, which should, due course, restore profitability. Meeting, July, August 23, noon.

JOHN J. LEES (manufacturing conglomerate)—Results for year to March 31, 1971, reported July 1. Fixed assets £102,658 (£110,724). Current assets £134,440 (£132,228). Dividends £177,677. Many new accounts recently opened with large retailers. Meeting, Glasgow, August 23, 1.30 p.m.

M. MILLER AND CO. (motor cycle and motor, etc., accessories)—Results for year to January 1971, reported July 20. Fixed assets £123,913 (£142,938). Net current assets £172,461 (£139,020). Chairman believes company is better placed to take advantage of any opportunities than in the past. Meeting, Birmingham, August 23, noon.

PORTER-LANCASTRIAN (brewery, etc.)—Results for year to March 31, 1971, reported July 20. Fixed assets £34,433 (£31,117). Net current assets £125,544 (£147,575). Chairman expects 1971-72 trading to be improved and turnover for first four months of 1971 increased. He confidently predicts resumption of dividends will not be much further delayed. Meeting, London, August 23, noon.

STERLING TRUST—Group income six months to June 30, 1971, was £292,372 (£289,200). Chairman, Mr. G. E. Ward Thomas, said: "The group's net asset value per Ordinary share 175p (130p)."

QUICKWET PETROLEUM DEVELOPMENT—Liquidity—Results for year to June 30, 1971, already known. Quoted assets £1,471,973. Net current assets £307,128 (£182,236). Meeting, Johannesburg, August 23.



## INTERNATIONAL BANK

WASHINGTON, D.C.

International Bank of Washington, D.C., is pleased to announce that its Representative office in London has moved to new premises.

International Bank is a merchant banking company with important interests in banking, insurance and industry.

Vice-President-Europe: Edgar T. Kinsberg

36 Coleman Street, London EC2R 5AN 01-600 5123



## MINING NOTEBOOK

## Western Mining prompts some red faces



## Eagerness to go on holiday

BY WILLIAM LOW

IT IS with more than usual eagerness that many Eurobond operators are preparing to go on holiday this month—the traditional “breathing space” in the market. As a result of the currency upsets earlier this year, the Eurobond market, especially the dollar sector, has undergone one of the most testing periods in its short life and some participants show definite signs of strain.

The chief victim of the monetary upheaval has been the secondary market for dollar bonds. In fact it would not be unreasonable to say that the secondary sector is currently facing its most serious crisis in its history. The market is at a point in time when more detail within the next week or so.

As regards the new issue market, there is little sign of any appreciable slow-down in the flow of offerings—quite the contrary. At least one issue in the \$100m. range will be announced this week, while rumours persist of a \$500m. plus flotation by one of the largest of American companies.

In expectation of a continu-

ing large volume of new loans, holders of bonds have been off-loading part of their portfolio in the past week. The bond trade indices for medium and long-term bonds are now just above their low points for the year and are likely to decline even further in coming sessions.

A good example of how Eurobond “experts” can misjudge completely the market is provided by the fixing of final terms on the \$25m. convertible issue by Beatrice Foods. The managers, led by Kidder Peabody, have set the coupon at 6 1/2 per cent, issue price at par and conversion premium at 8 3/8 per cent. Yet during last week, some “experts” warned that the coupon would have to be at least 6 1/2 per cent and the conversion premium under 5 per cent before the issue could succeed.

So much for the “experts” and their prophecies. What is probably the success story of the week is the \$15m. Sterling/D-Mark loan by ICL. Reports of dissatisfaction among some German banks had no effect on the issue which was well oversubscribed, about 75 per

cent of subscriptions coming from outside West Germany. Pricing of the 8 per cent bonds will be to-morrow, with 8 1/2 per cent considered the most likely figure.

A spokesman for S. C. Warburg, the lead manager, commented: “In our view, the reason for the outstanding success of the issue is the outstanding reputation of the company.” While I would suggest that the managers played a not inconsiderable role in the issue’s favourable reception, there is little doubt that ICL has shrugged off any ill effects caused by the withdrawal of its \$30m. Euro-dollar loan last March. Euro-dollar bonds issued by non-German borrowers retain their popularity, one of the main reasons being that many investors expect a formal revaluation of the Mark of more than five per cent. As my colleague, Christopher Lorenz, reported at the end of last week, the German Capital Committee has allowed two foreign D-Mark offerings to come to the market between now and the next Committee meeting on August 18.

## LTV net loss tops \$25m.

By Our New York Staff

NEW YORK, Aug. 1. DESPITE an operating net profit during the first half of this year, Ling-Temco-Vought, the troubled U.S. conglomerate, reported a net loss for the first six months, reflecting its sale of stock in Braniff Airways.

LTV had an operating net profit of \$10.9m. during the first half of this year, compared with a restated operating loss of almost \$16m. during the same period last year. The operating net for the second quarter was \$9.07m., versus an operating loss of \$6.75m. for the same quarter of 1970.

The loss for the first half of this year, however, was \$23.5m., against a restated net loss of \$25.8m. for the first six months of 1970. Net loss for the second quarter was \$22.2m., after extraordinary gains and provisions for additional reserves of \$33m. relating to the disposition of Braniff. The restated net loss for the second quarter of 1970 was \$10.8m.

## IN BRIEF

● DRESNER BANK reports profit of \$1.1m. for the first half of this year, but says it cannot forecast whether this pattern will continue in the second half. Balance sheet total at June 30 was \$1.1m., marginally lower than at the turn of the year, while the volume of business was steady in the first half of 1971. The margin between income and expenses was DM315.4m., just over 16 per cent higher than in the same period last year. Personnel costs were up by over 15 per cent, however.

● RHONE-POULENC said the boards of two of its subsidiaries, Progil and Pechiney-Saint-Gobain, agreed in principle to the merger of the two companies as Rhone Progil, with a turnover of over Frs.4,000m. a year.

● THE NEW YORK TIMES net income fell from \$6.49m. to \$4.82m. in the first six months of 1971. This shortfall in profits occurred despite an increase in revenue from \$139m. to \$142.33m.

● NABISCO CO. is looking at the possible acquisition of a sizeable food firm in Europe, Chairman Lee S. Bickmore said in an interview. He declined to identify the firm or its location except to say that it was not in Germany.

● ALCAN ALUMINUM consolidated net income fell to \$17.4m. in second quarter of 1971 from \$24.3m. in second quarter of 1970. In spite of this, the company reported a 10 per cent increase in earnings per share for the second quarter of 1971 over the same period of 1970. Second quarter net income per common share, after providing for preferred dividends, was 51 cents per share, compared with 46 cents last year. On outlook for second half, company foresees reasonable volume, but anticipates unsatisfactory prices for ingot products continue to affect earnings unless these realizations can be improved.

## MADRID STOCK EXCHANGE PRICES

Percentage of par values (Ptas.500)		Week's Change		Div. Yield %	
High	Low	Close	Open	Div.	Yield %
Name of stock					
Alfonso Hornos de Vizcaya	98	95.50	96	+ 2.75	5.10
Banco Central	919	900	919	+ 29	11.97
Banco de Bilbao	838	833	837	+ 5	13.63
Banco de Vizcaya	767	760	767	+ 5	14.22
Banco Esp. de Credito	682	680	682	+ 2	11.33
Banco Exterior de Esp.	385	381	385	+ 5	9.95
Banco Hisp. Americano	708	713	707	- 4	12.01
Compañia de Ferrocarriles	126.5	119	115.5	- 1.50	7.00
Industriales Airoles	280	286	283	- 3	10.00
Cia. Espanol. Petrol.	388	388	385	- 3	10.00
Cia. de Nitrogeno	129	129	129	+ 2	6.80
Cia. Sev. Electricidad	223.75	222	223.75	+ 3.25	5.00
Cia. Telefon. Nat. Espana	295	291.5	293.75	+ 4.25	5.07
Dragados y Construcciones	575	560	575	+ 40	8.50
Ebro Azuc. Alcoholes	710	692	692	- 5	13.80
Espanola del Zinc	125	123	123	- 2	5.10
Fuertes Siete, Cataluna	221	221.50	221.50	+ 1.50	10.00
Galeras Preciosas	314	310	314	+ 5	11.47
Hidroelectrica Espana	232.75	230	232.75	+ 3.75	10.00
Iberduero	237.75	237	237.75	+ 1.75	10.00
Union y el Fenix Esp.	612	606	612	+ 6	12.00
Min. Sid. de Ponferrada	163	158	158	- 7	6.66
S.A. Cros	185	182	185	- 5	5.10
El Aguila	290	289	290	+ 2	9.35
S.A. Auto. Turismo	491	491	491	+ 1	10.00
Antilleros	75	75	75	+ 1	10.00
Sad. Mat. Duro Felguera	74	71	74	+ 2	5.00
Sad. Mat. Ind. Aplicacion	145	144	145	- 1	8.00
Celulosa Esp. Sniace	264	262	264	+ 2	10.30
Union Explosivos R.T.	807	807	807	+ 1	10.00
Sinago	815	807	815	+ 8	10.78
Par values: Ptas. 500 except *Ptas.500, *Ptas.150, *Ptas.1,000.	Source: Banco Central Madrid.				

## AUSTRALIAN WEEKLY LIST

Advertiser		July 30	July 23	Advertiser		July 30	July 23
Adelaide News		1.59-1.63	1.58-1.59	Kilt Line		1.57-1.63	1.57-1.63
Adelaide Times		1.59-1.63	1.58-1.59	Leeds Ltd.		1.54-1.58	1.54-1.58
Adelaide Times		1.59-1.63	1.58-1.59	M.C.C.		1.57-1.63	1.57-1.63
Adelaide Times		1.59-1.63	1.58-1.59	Mauri Bros. & T.		1.54-1.58	1.54-1.58
Adelaide Times		1.59-1.63	1.58-1.59	Meyer Bros.		1.54-1.58	1.54-1.58
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times		1.59-1.63	1.58-1.59	Oxley Corp.		1.50-1.06	1.50-1.06
Adelaide Times							

## African soft loan plan

BY OUR OWN CORRESPONDENT

KAMPALA, August 1.

IT WAS agreed to hold next year's session of the Bank in Algiers, Swaziland and Botswana were admitted to membership during the Kampala meeting, bringing the total to 34.

INA CORPORATION's net operating income per share for the first six months amounted to \$1.86, increase of 94 per cent over \$0.96 reported for same period in 1970. After realised investment gain of \$0.10 per share, total net income per share for first six months rose to \$1.96, compared with \$1.13 in same period last year, increase of 73 per cent. Net operating income, before realised investment gain, was \$4.463m. for first six months, against \$2.543m.

## Indices

## NEW YORK

## DOW JONES AVERAGES

Close High Low

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## STANDARD AND POORS

## U.S. STOCK INDICES

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## OFFSHORE AND OVERSEAS FUNDS (p\*\*\*)

[illegible][illegible]

a moderate overnight loan from the Bank of England at 10 per cent, and the bank is making provision for fluctuations in price. The currency situation also

[illegible]

30	12	1.0	10.4	Bay City Com (22Sp)	42	23	1.7	8.9
36	58	4	5.3	Bwan Ln.Sp.(53)	16	3	1.2	7.0
133	11	3.4	4.3	Tavener Rut (50p)	60	18	1.1	7.3

[illegible]

## ACCOUNT DEALING UNIT TRUST PRICES

ACCOUNT DEALING DATES				UNIT TRUST PRICES	
Option				(Supplied by Managers)	
First Declared Dealings Day	Last Account Dealings Day	Option Dealings Day	Account Dealings Day	Prices in pence	Aug. 5
July 12	July 22	July 23	Aug. 3	Maternal Group (1)	
July 26	Aug. 5	Aug. 6	Aug. 17	Nat. Unit Trust Series.....	144.0 151.2
Aug. 9	Aug. 19	Sept. 20	Sept. 1	Century Trust.....	42.3 42.4
* "New time" dealings may take place until 5 p.m. three business days earlier.				Nat. Guaranteed Unit Trust.....	232.0 243.6
				Century Second Series.....	44.3 44.9
				Commercial Consolidated.....	248.8 258.2
				Hundred Trust.....	41.2 41.2
				Unit Trust & Mortgage Second Series.....	374.0 386.3

THE FINANCIAL TIMES, published daily except  
Sundays and holidays. U.S. subscriptions  
\$19 (air freight) \$194 (air mail) per annum.

THE FINANCIAL TIMES published daily except Sundays and holidays. U.S. subscriptions \$1.19 (air freight) \$1.94 (air mail) per annum. Second class postage paid at New York, N.Y.	Inv. Sec. General Trust ..... \$2.0 54.00 Investors General Trust ..... \$14.0 383.8 Provident Investors Board ..... 129.4 137.0
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**CORAL INDEX**  
Class 400-405

**FINANCER HOUSE** Base Rate (published by the Finance Houses Association) 8 per cent.

ce early June at one point on Tuesday. Conditions were fairly good with the main feature of

[illegible]

Friday, and narrowed  $\frac{1}{2}$  cent on week to  $\frac{1}{16}$ . In spite of the

per tone in Euro-dollar rates, the dollar remained soft against the Continental currencies. The German mark touched its lowest levels against the dollar since its floating early-May, and fell 40 points on balance to 1.48.

value of declared distributions and are based on market prices.

earnings ratios and  
are based on corpora-  
tion cost, and exclude  
the following items:  
marked that have been  
for rights issues for  
priority) since reduced,  
red,  
revalued.  
costs (share allocat-

Indicated dividend after pending scrip and/or rights issue: cover relates to

- Special dividend or forecast
- Indicates interim dividend, since paid, where none was paid before.
- + Convertible loan stock issues in existence.
- + Merger bid or reorganisation in progress.
- + Special deposit certificates.

HIGHS AND LOWS		DATE RECEIVED	
1971	Since Completion	July 14	July 23
100	100	100	100

	High	Low	High	Low		30	28
75.74	68.83	187.4	161.2	Daily—	175.4	172.0	
(15/7/71)	(4/1/71)	(9/1/69)	(1/6/69)	(Hk. Edged—	435.8	464.2	
74.77	69.63	180.0	67.18	Industrials—	258.8	265.8	
(15/7/71)	(4/1/71)	(28/11/71)	(1/6/69)	Speculative—	79.0	89.4	
412.2	406.7	591.9		5-day ave—			
(15/7/71)	(4/1/71)	(15/7/71)	(26/6/69)	(Hk. Edged—	181.6	185.6	
81.5	68.7	100.0	64.0	Industrials—	177.1	175.6	
(15/6/71)	(9/7/71)	(12/6/69)	(13/1/70)	Specialty—	299.2	309.7	
				Totals—			

Source: NBS Gov. Serv. 15-42288. Placed in: 1982, Feb. Oct. 1/78, 30. Gold Mines

### EXCHANGE CROSS-RATES

July 30	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	1.467-4602	92.73 77	8.971-925	2.393-435	97.40 44	164.65-69
New York	25.005-70	—	17.170-1455	2.014-1159	2.415-1159	137.75 10	177.40-43
Paris	25.265 70	15.127 35	—	1.11 1129	1.22 106	135.75 10	124.95-98
Brussels	14.24 35	15.83 35	10.50-00	—	120.00 06	137.75 10	12 14 14
London	1.2254 371 1/2	2.411 1/2	15.51 1/2	120.00 17	—	116.00 16	3.077 1/2
Amsterdam	138.00 00	138.00 00	95.50 00	1.55 18 1/2	9.55 95	—	88.50 00
Zurich	118.07 00	4.0055 00	74.10 13	8.971-925	9.55 95	9.55 95	—

U.S. \$ on Montreal 1.01 1/2-27. Canadian \$ on New York 0.9513-9515. Milan on

3.4% (slightly below its strong- in the inter-bank deposit market. then previous to ing. p... Pence

WEEKLY AVERAGES OF U.K. INDICES								
Week to	July 30	July 23	July 16	July 9	Week to	July 30	July 23	July 9
<b>Financial Times</b>								
Index, 1928=100	74.94	74.92	75.49	74.45				
Index, 1946=100	74.94	74.93	75.50	74.45				
Industrial Index	60.76	60.75	60.88	60.88				
Min. Index	60.61	60.73	62.42	58.95				
Max. Index	60.86	60.78	62.58	59.00				
<b>U.K. Government</b>								
10-year Govt.	168.24	167.19	164.05	166.31				
20-year Govt.	185.40	185.40	182.40	183.56				
30-year Govt.	185.40	185.40	182.40	183.56				
40-year Govt.	185.40	185.40	182.40	183.56				
50-year Govt.	185.40	185.40	182.40	183.56				
60-year Govt.	185.40	185.40	182.40	183.56				
70-year Govt.	185.40	185.40	182.40	183.56				
80-year Govt.	185.40	185.40	182.40	183.56				
90-year Govt.	185.40	185.40	182.40	183.56				
100-year Govt.	185.40	185.40	182.40	183.56				
<b>U.K. Companies</b>								
Index, 1928=100	168.24	167.19	164.05	166.31				
Index, 1946=100	185.40	185.40	182.40	183.56				
10-year Govt.	185.40	185.40	182.40	183.56				
20-year Govt.	185.40	185.40	182.40	183.56				
30-year Govt.	185.40	185.40	182.40	183.56				
40-year Govt.	185.40	185.40	182.40	183.56				
50-year Govt.	185.40	185.40	182.40	183.56				
60-year Govt.	185.40	185.40	182.40	183.56				
70-year Govt.	185.40	185.40	182.40	183.56				
80-year Govt.	185.40	185.40	182.40	183.56				
90-year Govt.	185.40	185.40	182.40	183.56				
100-year Govt.	185.40	185.40	182.40	183.56				

- \* Same interim; reduced final and/or reduced earnings indicated.
- \* Cover allows for conversion of shares

[illegible]



## HOTELS AND CATERERS—Continued

- Recent Issues " and " Rights " Pay



## †† INSURANCE

[illegible]



